

Adopted	Rejected
---------	----------

COMMITTEE REPORT

YES:	16
NO:	0

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1004, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Replace the effective date in SECTION 13 with "[EFFECTIVE
- 2 MAY 1, 2002]".
- 3 Replace the effective date in SECTION 14 with "[EFFECTIVE
- 4 MAY 1, 2002]".
- 5 Replace the effective date in SECTION 15 with "[EFFECTIVE
- 6 JUNE 1, 2002]".
- 7 Replace the effective date in SECTION 16 with "[EFFECTIVE
- 8 MAY 1, 2002]".
- 9 Replace the effective date in SECTION 17 with "[EFFECTIVE
- 10 MAY 1, 2002]".
- 11 Page 1, between the enacting clause and line 1, begin a new
- 12 paragraph and insert:
- 13 "SECTION 1. IC 4-4-3.4-4 IS AMENDED TO READ AS
- 14 FOLLOWS [EFFECTIVE JULY 1, 2002]; Sec. 4. (a) The value added

research fund is established for the purpose of providing money for the center for value added research and the commissioner of agriculture to carry out the duties specified under this chapter. The fund shall be administered by the commissioner of agriculture.

(b) The fund consists of money appropriated by the general assembly.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(e) There is annually appropriated to the value added research fund one million dollars (\$1,000,000) from the state general fund for carrying out the purposes of this section.

SECTION 1. IC 4-4-9.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 9.3. Rural Development Administration Fund

Sec. 1. (a) The rural development administration fund is established for the purpose of enhancing and developing rural communities. The fund shall be administered by the rural development council.

(b) The expenses of administering the fund shall be paid from the money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the fiscal year does not revert to the general fund.

Sec. 2. (a) Money in the fund may be used for the following purposes:

(1) To create, assess, and assist a pilot project to enhance the economic and community development in a rural area.

(2) To establish a local revolving loan fund for an industrial, commercial, agricultural, or tourist venture.

1 **(3) To provide a loan for an economic development project in**
 2 **a rural area.**

3 **(4) To provide technical assistance to a rural organization.**

4 **(5) To assist in the development and creation of a rural**
 5 **cooperative.**

6 **(6) To address rural workforce development challenges.**

7 **(7) To assist in addressing telecommunications needs in a**
 8 **rural area.**

9 **(b) Expenditures from the fund are subject to appropriation by**
 10 **the general assembly and approval by the rural development**
 11 **council (IC 4-4-9.5). The council may not approve an expenditure**
 12 **from the fund unless the rural development administration**
 13 **advisory board established under section 4 of this chapter has**
 14 **recommended the expenditure.**

15 **Sec. 3. (a) There is annually appropriated to the rural**
 16 **development administration fund two million five hundred**
 17 **thousand dollars (\$2,500,000) from the state general fund for its**
 18 **use in carrying out the purposes of section 2 of this chapter.**

19 **(b) The money appropriated by this section does not revert to**
 20 **the state general fund at the close of any fiscal year but remains**
 21 **available to the rural development administration fund until the**
 22 **purpose for which it was appropriated is fulfilled.**

23 **Sec. 4. (a) The rural development administration advisory board**
 24 **is established to make recommendations concerning the**
 25 **expenditure of money from the fund.**

26 **(b) The advisory board shall meet at least four (4) times per**
 27 **year and shall also meet at the call of the executive director of the**
 28 **rural development council.**

29 **(c) The rural advisory board consists of the following members:**

30 **(1) The executive director of the rural development council,**
 31 **who serves as an ex officio member and as the chairperson of**
 32 **the advisory board.**

33 **(2) Two (2) members of the senate, who may not be members**
 34 **of the same political party, and who are appointed by the**
 35 **president pro tempore of the senate.**

36 **(3) Two (2) members of the house of representatives, who may**
 37 **not be members of the same political party, and who are**
 38 **appointed by the speaker of the house of representatives.**

- 1 **(4) A representative of the commissioner of agriculture, to be**
- 2 **appointed by the governor.**
- 3 **(5) A representative of the department of commerce, to be**
- 4 **appointed by the governor.**
- 5 **(6) A representative of the department of workforce**
- 6 **development, to be appointed by the governor.**
- 7 **(7) Two (2) persons with knowledge and experience in state**
- 8 **and regional economic needs, to be appointed by the**
- 9 **governor.**
- 10 **(8) A representative of a local rural economic development**
- 11 **organization, to be appointed by the governor.**
- 12 **(9) A representative of a small town or rural community, to be**
- 13 **appointed by the governor.**
- 14 **(10) A representative of the rural development council, to be**
- 15 **appointed by the governor.**
- 16 **(11) A representative of rural education, to be appointed by**
- 17 **the governor.**
- 18 **(12) A representative of the league of regional conservation**
- 19 **and development districts, to be appointed by the governor.**
- 20 **(13) A person currently enrolled in rural secondary education,**
- 21 **to be appointed by the governor.**
- 22 **(d) The members of the advisory board listed in subsection**
- 23 **(c)(1) through (c)(3) are nonvoting members.**
- 24 **(e) The term of office of a legislative member of the advisory**
- 25 **board is four (4) years. However, a legislative member of the**
- 26 **advisory board ceases to be a member if the member:**
- 27 **(1) is no longer a member of the chamber from which the**
- 28 **member was appointed; or**
- 29 **(2) is removed from the advisory board by the appointing**
- 30 **authority who appointed the legislator.**
- 31 **(f) The term of office of a voting member of the advisory board**
- 32 **is four (4) years. However, these members serve at the pleasure of**
- 33 **the governor and may be removed for any reason.**
- 34 **(g) If a vacancy exists on the advisory board, the appointing**
- 35 **authority who appointed the former member whose position has**
- 36 **become vacant shall appoint an individual to fill the vacancy for**
- 37 **the balance of the unexpired term.**
- 38 **(h) Five (5) voting members of the advisory board constitute a**

1 **quorum for the transaction of business at a meeting of the advisory**
 2 **board. The affirmative vote of at least five (5) voting members is**
 3 **necessary for the advisory board to take action.**

4 SECTION 2. IC 4-4-9.5-4 IS ADDED TO THE INDIANA CODE
 5 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 6 1, 2002]: Sec. 4. (a) **There is annually appropriated to the Indiana**
 7 **rural development council one million two hundred thousand**
 8 **dollars (\$1,200,000) from the state general fund for its use in**
 9 **carrying out the purposes of this chapter.**

10 (b) **The money appropriated by this section does not revert to**
 11 **the state general fund at the close of any fiscal year but remains**
 12 **available to the Indiana rural development council until the**
 13 **purpose for which it was appropriated is fulfilled.**

14 SECTION 3. IC 4-10-13-3 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The Indiana
 16 department of state revenue is hereby authorized and directed to
 17 prepare and publish each year the following report, which shall
 18 contain: ~~the following data and information:~~

19 (1) a recital of the number of taxpayers, the amount of gross
 20 collections, the amount of net collections, the amount of refunds,
 21 the amount of collection allowances, the amount of administrative
 22 costs, and the amount of delinquencies by type of tax collected by
 23 the department.

24 (2) Relative to the gross income tax, a recital of the number of
 25 taxpayers, the total amount of gross income tax collected, the total
 26 amount of exemptions allowed and the total amount of nontaxable
 27 income. It shall also include a recital of the number of taxpayers
 28 and the total amount of gross income tax received ~~from farmers;~~
 29 ~~manufacturing interests; wholesalers; retailers; transportation and~~
 30 ~~communication interest; public utilities; financial and insurance~~
 31 ~~interests; real estate interests; personal service businesses; and~~
 32 ~~salaries and wages received~~ from every other source to the extent
 33 such information is available from gross income tax returns.

34 (3) ~~A breakdown of gross income tax collections received from~~
 35 ~~corporate taxpayers; from unincorporated businesses; from~~
 36 ~~income taxed at the rate of three eighths of one per cent (3/8%)~~
 37 ~~and one and one-half per cent (1 1/2%); and from types of~~
 38 ~~businesses as described in subsection (2) of this section.~~

Such report shall be made available for inspection as soon as it is prepared and shall be published, in the manner hereinafter provided, by the Indiana state department of revenue not later than December 31st, 31 following the end of each fiscal year.

SECTION 4. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

Chapter 20. 21st Century Revenue Stabilization Plan

Sec. 1. As used in this chapter, "budget agency" refers to the budget agency established by IC 4-12-1-3.

Sec. 2. As used in this chapter, "budget director" has the meaning set forth in IC 4-12-1-2.

Sec. 3. As used in this chapter, "general fund revenue" means the sum of general fund revenue (as defined in IC 4-10-18-1) and revenue deposited in the property tax replacement fund (IC 6-1.1-21).

Sec. 4. As used in this chapter, "political subdivision" has the meaning set forth in IC 36-1-2-13.

Sec. 5. As used in this chapter, "tax relief fund" refers to the tax relief fund established by section 9 of this chapter.

Sec. 6. As used in this chapter, "tuition support" has the meaning set forth in IC 21-3-1.7-4.

Sec. 7. As used in this chapter, "tuition support stabilization fund" refers to the tuition support stabilization fund established by section 10 of this chapter.

Sec. 8. As used in this chapter, "unused 21st century tax plan balance" refers to the amount determined for a state fiscal year under section 11 of this chapter.

Sec. 9. (a) The tax relief fund is established.

(b) The purpose of the tax relief fund is to provide a source of money to:

(1) maintain homestead credit distributions from the state to political subdivisions when economic conditions result in lowered collections of general tax revenues as determined by the budget agency under section 14 of this chapter;

(2) provide a source of money to meet the following obligations assumed by the state:

(A) assumption of county contributions to the medical

- 1 assistance to wards program under IC 12-13-8 (repealed);
 2 (B) assumption of county contributions to the children with
 3 special health care needs program under IC 16-35-3
 4 (repealed);
 5 (C) assumption of county contributions to the hospital care
 6 for the indigent program or the uninsured parent program
 7 required under IC 12-16-14 (repealed); and
 8 (D) assumption of fifty percent (50%) of the county
 9 obligation for child services (as defined in IC 12-19-7-1);
 10 when economic conditions result in lowered collections of
 11 general tax revenues as determined by the budget agency
 12 under section 14 of this chapter; and
 13 (3) assist allocation areas under IC 6-1.1-21.2.
- 14 (c) The tax relief fund shall be administered by the treasurer of
 15 state.
- 16 (d) The treasurer of state shall invest the money in the tax relief
 17 fund not currently needed to meet the obligations of the fund in the
 18 same manner as other public money may be invested. Interest that
 19 accrues from these investments shall be deposited in the tax relief
 20 fund.
- 21 (e) Money in the tax relief fund at the end of a state fiscal year
 22 does not revert to the state general fund.
- 23 **Sec. 10. (a) The tuition support stabilization fund is established.**
- 24 (b) The purpose of the tuition support stabilization fund is to
 25 provide a source of money to maintain tuition support distributions
 26 from the state to school corporations when economic conditions
 27 result in lowered collections of general tax revenues as determined
 28 by the budget agency under section 15 of this chapter.
- 29 (c) The tuition support stabilization fund shall be administered
 30 by the treasurer of state.
- 31 (d) The treasurer of state shall invest the money in the tuition
 32 support stabilization fund not currently needed to meet the
 33 obligations of the fund in the same manner as other public money
 34 may be invested. Interest that accrues from these investments shall
 35 be deposited in the tuition support stabilization fund.
- 36 (e) Money in the tuition support stabilization fund at the end of
 37 a state fiscal year does not revert to the state general fund.
- 38 **Sec. 11. (a) At the same time that the budget director makes a**

determination under IC 4-10-18-5 (determination of appropriations to or from the countercyclical revenue and economic stabilization fund), the budget director shall determine the unused 21st century tax plan balance for the immediately preceding year under this section.

(b) The unused 21st century tax plan balance for a state fiscal year is the amount determined under the last STEP of the following formula:

STEP ONE: Calculate the net amount of additional state general fund revenue accruing to the state general fund in the immediately preceding state fiscal year as a result of:

- (A) the enactment of a business franchise tax (IC 6-2.2);
- (B) reduction of the property tax replacement credit (IC 6-1.1-21);
- (C) the increase in the adjusted gross income tax rates (IC 6-3-1 through IC 6-3-7) for persons after offsetting the impact of the increased renter's deduction (IC 6-3-2-6) and the earned income credit (IC 6-3.1-21);
- (D) the increase in the adjusted gross income tax rate on corporations (IC 6-3-1 through IC 6-3-7) after offsetting the impact on state tax liability of the establishment of the business personal property credit (IC 6-3.1-23.8) and investment credit (IC 6-3.1-24) and increasing the research expense credit (IC 6-3.1-4);
- (E) the increase in the state gross retail and use taxes (IC 6-2.5);
- (F) the elimination of the gross income tax (IC 6-2.1) for taxpayers other than public utility companies); and
- (G) the elimination of the supplemental net income tax (IC 6-3-8);

enacted by the general assembly in 2002.

STEP TWO: Calculate the amount of additional expenses incurred by the state in the immediately preceding state fiscal year as a result of the:

- (A) assumption of county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);
- (B) assumption of county contributions to the children with special health care needs program under IC 16-35-3

- 1 (repealed);
- 2 (C) assumption of county contributions to the hospital care
- 3 for the indigent program or the uninsured parent program
- 4 required under IC 12-16-14 (repealed);
- 5 (D) assumption of fifty percent (50%) of the county
- 6 obligation for child services (as defined in IC 12-19-7-1);
- 7 (E) assumption of the obligation to provide additional state
- 8 tuition support to replace the fifty percent (50%) reduction
- 9 in school general fund property tax levies (IC 6-1.1-19;
- 10 IC 21-3-1.7); and
- 11 (F) increased homestead credit (IC 6-1.1-20.9);
- 12 enacted by the general assembly in 2002.

13 **STEP THREE: Determine the greater of the following:**

- 14 (A) Zero (0).
- 15 (B) The result of the STEP ONE amount minus the STEP
- 16 TWO amount.

17 **Sec. 12. As soon as possible after making the determination**
 18 **under section 11 of this chapter, the budget director shall certify**
 19 **the unused 21st century tax plan balance amount determined**
 20 **under section 11 of this chapter to the treasurer of state.**

21 **Sec. 13. If the unused 21st century tax plan balance amount**
 22 **certified under section 12 of this chapter is greater than zero (0),**
 23 **the treasurer of state shall transfer the following amounts from the**
 24 **state general fund:**

- 25 (1) Fifty percent (50%) of the unused 21st century tax plan
- 26 balance to the tax relief fund.
- 27 (2) Fifty percent (50%) of the unused 21st century tax plan
- 28 balance to the tuition support stabilization fund.

29 **Sec. 14. An amount of money in the tax relief fund determined**
 30 **by the budget director may be used to meet the state's obligations**
 31 **to:**

- 32 (1) maintain homestead credit distributions from the state to
- 33 political subdivisions when economic conditions result in
- 34 lowered collections of general tax revenues as determined by
- 35 the budget agency under section 14 of this chapter if the
- 36 budget director determines that general fund revenues being
- 37 collected in the state fiscal year are insufficient to meet the
- 38 state's obligations for the distributions described in this

- 1 subdivision;
- 2 (2) provide a source of money to meet the following
- 3 obligations assumed by the state:
- 4 (A) assumption of county contributions to the medical
- 5 assistance to wards program under IC 12-13-8 (repealed);
- 6 (B) assumption of county contributions to the children with
- 7 special health care needs program under IC 16-35-3
- 8 (repealed);
- 9 (C) assumption of county contributions to the hospital care
- 10 for the indigent program or the uninsured parent program
- 11 required under IC 12-16-14 (repealed);
- 12 (D) assumption of fifty percent (50%) of the county
- 13 obligation for child services (as defined in IC 12-19-7-1);
- 14 when economic conditions result in lowered collections of
- 15 general tax revenues as determined by the budget agency
- 16 under section 14 of this chapter if the budget director
- 17 determines that general fund revenues being collected in the
- 18 state fiscal year are insufficient to meet the state's obligations
- 19 for the distributions described in this subdivision; and
- 20 (3) subject to section 15 of this chapter, assist allocation areas
- 21 under IC 6-1.1-21.2, if the department of local government
- 22 finance orders a distribution from the tax relief fund under
- 23 IC 6-1.1-21.2.

24 Sec. 15. (a) Money in the tax relief fund, after making any

25 distributions necessary under section 14 of this chapter, is available

26 to make the distributions to allocation areas (as defined in

27 IC 6-1.1-21.2-2) approved by the department of local government

28 finance under IC 6-1.1-21.2 (distribution of tax increment

29 replacement amounts).

30 (b) The budget director shall make distributions under this

31 section in conformity with the schedule determined by the

32 department of local government finance.

33 (c) If in any state fiscal year insufficient money is available in

34 the tax relief fund to make all of the distributions approved under

35 IC 6-1.1-21.2 for a state fiscal year, the budget director shall

36 proportionately reduce the total distribution made to each

37 allocation area in the state fiscal year. The reduced amount is equal

38 to the amount approved for distribution to the allocation area

multiplied by a fraction. The numerator is the amount available for distribution to allocation areas (as defined in IC 6-1.1-21.2-2). The denominator is the amount approved for distribution to allocation areas (as defined in IC 6-1.1-21.2-2) under IC 6-1.1-21.2. The budget director may reduce or delay any scheduled distribution to comply with this subsection.

Sec. 16. An amount of money in the tuition support stabilization fund determined by the budget director may be used to meet the state's obligations for tuition support distributions to school corporations in a state fiscal year if the budget director determines that general fund revenues being collected in the state fiscal year are insufficient to meet the state's obligations for tuition support.

SECTION 5. IC 4-12-9-1, AS ADDED BY P.L.21-2000, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. ~~As used in~~ **The following definitions apply throughout this chapter:**

(1) "Fund" refers to the tobacco farmers ~~and rural community impact~~ fund established by section 2 of this chapter.

(2) "Master settlement agreement" has the meaning set forth in IC 24-3-3-6.

(3) "Phase II agreement" refers to the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(4) "Phase II payment program" refers to the payments to tobacco growers and quota owners established by the National Tobacco Grower Settlement Trust Agreement entered into by tobacco growing states and major tobacco companies and dated July 19, 1999.

(5) "Tobacco grower" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

(6) "Tobacco quota owner" has the meaning set forth in the National Tobacco Grower Settlement Trust Agreement.

SECTION 6. IC 4-12-9-2, AS AMENDED BY P.L.291-2001, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The tobacco farmers ~~and rural community impact~~ fund is established. The fund shall be administered by the commissioner of agriculture. The fund consists of:

(1) amounts, if any, that another statute requires to be distributed to the fund from the Indiana tobacco master settlement agreement fund;

(2) appropriations to the fund from other sources;

(3) grants, gifts, and donations intended for deposit in the fund; and

(4) interest that accrues from money in the fund.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) Notwithstanding IC 5-13, the treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as money is invested by the public employees retirement fund under IC 5-10.3-5. The treasurer of state may contract with investment management professionals, investment advisors, and legal counsel to assist in the management of the fund and may pay the state expenses incurred under those contracts.

(d) Money in the fund at the end of the state fiscal year does not revert to the state general fund and remains available for expenditure.

SECTION 7. IC 4-12-9-3, AS AMENDED BY P.L.291-2001, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), money in the fund shall be used for the following purposes:

(1) Agricultural grant and loan programs to assist cooperative arrangements consisting of tobacco quota owners and tobacco growers working together to transition from tobacco production to other agricultural enterprises and to assist individual tobacco quota owners and tobacco growers who are in the process of transitioning to other agricultural enterprises.

(2) Value-added cooperatives, incubators, and other enterprises or facilities established for the purpose of assisting tobacco quota owners and tobacco growers to capture additional revenues from non-tobacco agricultural commodities.

(3) Agricultural mentoring programs, entrepreneurial leadership development, and tuition and scholarships to assist displaced tobacco growers in acquiring new training and employment skills.

(4) Academic research to identify new transitional crop enterprises to replace tobacco production.

(5) Market facility development for marketing current and new

1 crop enterprises.

2 (6) Administrative and planning services for local communities
3 and economic development entities that suffer a negative impact
4 from the loss of tobacco production.

5 (7) Establishment and operation of a regional economic
6 development consortium to address common problems faced by
7 local communities that suffer a negative impact from the loss of
8 tobacco production.

9 (b) Expenditures from the fund are subject to appropriation by the
10 general assembly and approval by the commissioner of agriculture. The
11 commissioner of agriculture may not approve an expenditure from the
12 fund unless that expenditure has been recommended by the advisory
13 board established by section 4 of this chapter.

14 SECTION 8. IC 4-12-9-4, AS ADDED BY P.L.291-2001,
15 SECTION 75, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2002]: Sec. 4. (a) The tobacco farmers ~~and rural community~~
17 ~~impact~~ fund advisory board is established. The advisory board shall
18 meet at least quarterly and at the call of the commissioner of
19 agriculture to make recommendations concerning expenditures of
20 money from the fund.

21 (b) The advisory board consists of the following:

22 (1) The commissioner of agriculture, who is an ex officio member
23 and serves as chairperson of the advisory board.

24 (2) Two (2) members of the senate, who may not be members of
25 the same political party, appointed by the president pro tempore
26 of the senate.

27 (3) Two (2) members of the house of representatives, who may
28 not be members of the same political party, appointed by the
29 speaker of the house of representatives.

30 (4) The following appointees by the governor who represent the
31 following organizations or interests:

32 (A) Two (2) tobacco growers.

33 (B) One (1) tobacco quota owner.

34 (C) Two (2) persons with knowledge and experience in state
35 and regional economic development needs.

36 (D) One (1) person representing small towns or rural
37 communities.

38 (E) One (1) person representing the Indiana Rural

- 1 Development Council.
- 2 (F) One (1) person representing the Southern Indiana Rural
- 3 Development Project.
- 4 (G) One (1) person representing agricultural programs at
- 5 universities located in Indiana.
- 6 The members of the advisory board listed in subdivisions (1) through
- 7 (3) are nonvoting members. The members of the advisory board listed
- 8 in subdivision (4) are voting members.
- 9 (c) The term of office of a legislative member of the advisory board
- 10 is four (4) years. However, a legislative member of the advisory board
- 11 ceases to be a member of the advisory board if the member:
- 12 (1) is no longer a member of the chamber from which the member
- 13 was appointed; or
- 14 (2) is removed from the advisory board under subsection (d).
- 15 (d) A legislative member of the advisory board may be removed at
- 16 any time by the appointing authority who appointed the legislative
- 17 member.
- 18 (e) The term of office of a member of the advisory board appointed
- 19 under subsection (a)(4) is four (4) years. However, these members
- 20 serve at the pleasure of the governor and may be removed for any
- 21 reason.
- 22 (f) If a vacancy exists on the advisory board with respect to a
- 23 legislative member or the members appointed under subsection (a)(4),
- 24 the appointing authority who appointed the former member whose
- 25 position has become vacant shall appoint an individual to fill the
- 26 vacancy for the balance of the unexpired term.
- 27 (g) Five (5) voting members of the advisory board constitute a
- 28 quorum for the transaction of business at a meeting of the advisory
- 29 board. The affirmative vote of at least five (5) voting members of the
- 30 advisory board is necessary for the advisory board to take action.
- 31 (h) Each member of the advisory board who is not a state employee
- 32 is not entitled to the minimum salary per diem provided by
- 33 IC 4-10-11-2.1(b). The member is, however, entitled to reimbursement
- 34 for traveling expenses as provided under IC 4-13-1-4 and other
- 35 expenses actually incurred in connection with the member's duties as
- 36 provided in the state policies and procedures established by the Indiana
- 37 department of administration and approved by the budget agency.
- 38 (i) Each member of the advisory board who is a state employee but

1 who is not a member of the general assembly is entitled to
 2 reimbursement for traveling expenses as provided under IC 4-13-1-4
 3 and other expenses actually incurred in connection with the member's
 4 duties as provided in the state policies and procedures established by
 5 the Indiana department of administration and approved by the budget
 6 agency.

7 (j) Each member of the advisory board who is a member of the
 8 general assembly is entitled to receive the same per diem, mileage, and
 9 travel allowances paid to legislative members of interim study
 10 committees established by the legislative council. Per diem, mileage,
 11 and travel allowances paid under this subsection shall be paid from
 12 appropriations made to the legislative council or the legislative services
 13 agency.

14 (k) Payments authorized for members of the advisory board under
 15 subsections (h) through (i) are payable from the tobacco farmers and
 16 rural community impact fund.

17 SECTION 9. IC 4-12-9-5 IS ADDED TO THE INDIANA CODE
 18 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 19 1, 2002]: **Sec. 5. (a) If the payments due and payable to:**

- 20 **(1) tobacco growers; and**
 21 **(2) tobacco quota owners;**

22 **under the Phase II payment program are less than the amount**
 23 **established in the Phase II agreement, the Phase II payment**
 24 **program shall be supplemented from the master settlement**
 25 **agreement to make the total payments to tobacco growers and**
 26 **tobacco quota owners equal to the amount described in the Phase**
 27 **II agreement.**

28 **(b) If payments owed tobacco growers and tobacco quota**
 29 **owners are less than the amount described in the Phase II**
 30 **agreement:**

- 31 **(1) the commissioner of agriculture shall determine how much**
 32 **money from the master settlement agreement is required to**
 33 **make up the difference between the amount due under the**
 34 **Phase II payment program and the amount established in the**
 35 **Phase II agreement;**
 36 **(2) the commissioner of agriculture shall certify this amount**
 37 **to the budget agency and the auditor of state; and**
 38 **(3) the amount certified by the commissioner of agriculture**

1 **shall be transferred from the master settlement agreement to**
 2 **the Phase II payment program.**

3 **(c) This section expires January 1, 2010."**

4 Page 3, delete lines 24 through 42, begin a new paragraph and
 5 insert:

6 "SECTION 2. IC 4-21.5-2-4, AS AMENDED BY P.L.198-2001,
 7 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JANUARY 1, 2004]: Sec. 4. (a) This article does not apply to any of
 9 the following agencies:

10 (1) The governor.

11 (2) The state board of accounts.

12 (3) The state educational institutions (as defined by
 13 IC 20-12-0.5-1).

14 (4) The department of workforce development.

15 (5) The unemployment insurance review board of the department
 16 of workforce development.

17 (6) The worker's compensation board.

18 (7) The military officers or boards.

19 (8) The Indiana utility regulatory commission.

20 (9) The department of state revenue (excluding an agency action
 21 related to the licensure of private employment agencies **or an**
 22 **agency action under IC 6-2.2-12-2 through IC 6-2.2-12-7).**

23 (b) This article does not apply to action related to railroad rate and
 24 tariff regulation by the Indiana department of transportation.

25 SECTION 10. IC 4-15-15 IS ADDED TO THE INDIANA CODE
 26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2002]:

28 **Chapter 15. Unpaid Leave for State Employees**

29 **Sec. 1. As used in this chapter, "employee" means a person who**
 30 **is employed full time by a state agency.**

31 **Sec. 2. As used in this chapter, "state agency" means an**
 32 **authority, a board, a branch, a bureau, a commission, a committee,**
 33 **a council, a department, a division, an office, an officer, a service,**
 34 **or an instrumentality of the executive, judicial, or legislative**
 35 **branch of state government. The term does not include state**
 36 **supported colleges or universities or the agencies of any**
 37 **municipality or political subdivision of the state.**

38 **Sec. 3. (a) An employee of a state agency who obtains consent**

1 from the employee's supervisor or appointing authority shall be
 2 granted leave from work without pay for not more than one (1)
 3 work day per month.

4 (b) The leave permitted under this chapter does not accrue to
 5 the employee if the leave is unused during the month for which it
 6 is allowed.

7 (c) An employee granted leave under this chapter does not lose
 8 accrued:

- 9 (1) seniority;
- 10 (2) vacation leave;
- 11 (3) sick leave;
- 12 (4) personal vacation days;
- 13 (5) compensatory time off; or
- 14 (6) overtime.

15 SECTION 11. IC 4-30-17-3.5 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.5. (a) Two (2)
 17 segregated accounts shall be established within the build Indiana fund
 18 as follows:

- 19 (1) The state and local capital projects account.
- 20 (2) The lottery and gaming surplus account.

21 (b) Upon receiving surplus lottery revenue distributions from the
 22 state lottery commission and surplus gaming revenue distributions from
 23 the state gaming commission, the treasurer of state shall credit the
 24 surplus lottery revenue and surplus gaming revenue to the lottery and
 25 gaming surplus account. All money remaining in the lottery and
 26 gaming surplus account after the ~~transfer~~ **transfers** required by
 27 ~~subsection~~ **subsections** (c) and (e) shall be transferred to the state and
 28 local capital projects account.

29 (c) Before the twenty-fifth day of the month, the auditor of state
 30 shall transfer from the lottery and gaming surplus account to the state
 31 general fund motor vehicle excise tax replacement account an amount
 32 equal to the following:

- 33 (1) In calendar year 1996, eleven million six hundred twenty-five
 34 thousand dollars (\$11,625,000) per month.
- 35 (2) In calendar year 1997, twelve million nine hundred
 36 twenty-five thousand twenty dollars (\$12,925,020) per month.
- 37 (3) In calendar year 1998, fifteen million ten thousand dollars
 38 (\$15,010,000) per month.

1 (4) In calendar year 1999, seventeen million one hundred
 2 ninety-two thousand dollars (\$17,192,000) per month.

3 (5) In calendar year 2000 nineteen million four hundred
 4 thirty-five thousand two hundred ten dollars (\$19,435,210) per
 5 month.

6 (6) In calendar year 2001 and each year thereafter, nineteen
 7 million six hundred eighty-four thousand three hundred seventy
 8 dollars (\$19,684,370) per month.

9 (d) This subsection applies only if insufficient money is available in
 10 the lottery and gaming surplus account of the build Indiana fund to
 11 make the distributions to the state general fund motor vehicle excise
 12 tax replacement account that are required under subsection (c). Before
 13 the twenty-fifth day of each month, the auditor of state shall transfer
 14 from the state general fund to the state general fund motor vehicle
 15 excise tax replacement account the difference between:

16 (1) the amount that subsection (c) requires the auditor of state to
 17 distribute from the lottery and gaming surplus account of the
 18 build Indiana fund to the state general fund motor vehicle excise
 19 tax replacement account; and

20 (2) the amount that is available for distribution from the lottery
 21 and gaming surplus account in the build Indiana fund to the state
 22 general fund motor vehicle excise tax replacement account.

23 The transfers required under this subsection are annually appropriated
 24 from the state general fund.

25 **(e) Before the last business day of January, April, July, and**
 26 **October of each year, and after the transfers required by**
 27 **subsection (c), the auditor of state shall transfer twenty-five million**
 28 **dollars (\$25,000,000) from the lottery and gaming surplus account**
 29 **to the state general fund."**

30 Delete pages 4 through 7, begin a new paragraph and insert:

31 "SECTION 14. IC 4-33-12-1 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. A tax is imposed on
 33 admissions to gambling excursions authorized under this article at a
 34 rate of ~~three~~ **four** dollars ~~(\$3)~~ **(\$4)** for each person admitted to the
 35 gambling excursion. This admission tax is imposed upon the licensed
 36 owner conducting the gambling excursion.

37 SECTION 12. IC 4-33-12-6, AS AMENDED BY P.L.215-2001,
 38 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JULY 1, 2002]: Sec. 6. (a) The department shall place in the state
2 general fund the tax revenue collected under this chapter.

3 (b) Except as provided by subsection (c) and IC 6-3.1-20-7, the
4 treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

5 (1) One dollar (\$1) of the admissions tax collected by the licensed
6 owner for each person embarking on a riverboat during the
7 quarter shall be paid to:

8 (A) the city in which the riverboat is docked, if the city:

9 (i) is described in IC 4-33-6-1(a)(1) through
10 IC 4-33-6-1(a)(4) or in IC 4-33-6-1(b); or

11 (ii) is contiguous to the Ohio River and is the largest city in
12 the county; and

13 (B) the county in which the riverboat is docked, if the
14 riverboat is not docked in a city described in clause (A).

15 (2) One dollar (\$1) of the admissions tax collected by the licensed
16 owner for each person embarking on a riverboat during the
17 quarter shall be paid to the county in which the riverboat is
18 docked. In the case of a county described in subdivision (1)(B),
19 this one dollar (\$1) is in addition to the one dollar (\$1) received
20 under subdivision (1)(B).

21 (3) Ten cents (\$0.10) of the admissions tax collected by the
22 licensed owner for each person embarking on a riverboat during
23 the quarter shall be paid to the county convention and visitors
24 bureau or promotion fund for the county in which the riverboat is
25 docked.

26 (4) Fifteen cents (\$0.15) of the admissions tax collected by the
27 licensed owner for each person embarking on a riverboat during
28 a quarter shall be paid to the state fair commission, for use in any
29 activity that the commission is authorized to carry out under
30 IC 15-1.5-3.

31 (5) Ten cents (\$0.10) of the admissions tax collected by the
32 licensed owner for each person embarking on a riverboat during
33 the quarter shall be paid to the division of mental health and
34 addiction. The division shall allocate at least twenty-five percent
35 (25%) of the funds derived from the admissions tax to the
36 prevention and treatment of compulsive gambling.

37 (6) Sixty-five cents (\$0.65) of the admissions tax collected by the
38 licensed owner for each person embarking on a riverboat during

the quarter shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(7) One dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a riverboat during the quarter shall be paid to the state general fund.

(c) With respect to tax revenue collected from a riverboat that operates on Patoka Lake, the treasurer of state shall ~~quarterly~~ **monthly** pay the following amounts:

(1) The counties described in IC 4-33-1-1(3) shall receive one dollar (\$1) of the admissions tax collected for each person embarking on the riverboat during the quarter. This amount shall be divided equally among the counties described in IC 4-33-1-1(3).

(2) The Patoka Lake development account established under IC 4-33-15 shall receive one dollar (\$1) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(3) The resource conservation and development program that:

(A) is established under 16 U.S.C. 3451 et seq.; and

(B) serves the Patoka Lake area;

shall receive forty cents (\$0.40) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(4) The state general fund shall receive fifty cents (\$0.50) of the admissions tax collected for each person embarking on the riverboat during the quarter.

(5) The division of mental health and addiction shall receive ten

cents (\$0.10) of the admissions tax collected for each person embarking on the riverboat during the quarter. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(d) Money paid to a unit of local government under subsection (b)(1) through (b)(2) or subsection (c)(1):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5, but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(e) Money paid by the treasurer of state under subsection (b)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(f) Money received by the division of mental health and addiction under subsections (b)(5) and (c)(5):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the

1 money received to the prevention and treatment of compulsive
2 gambling.

3 SECTION 13. IC 4-33-13-1 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) A tax is imposed
5 on the adjusted gross receipts received from gambling games
6 authorized under this article at the rate of:

- 7 **(1) twenty percent (20%) of the ~~amount~~ first twenty-five million**
8 **dollars (\$25,000,000) of the adjusted gross receipts of a**
9 **taxpayer in a taxable year; and**
10 **(2) twenty-two and five-tenths percent (22.5%) of adjusted**
11 **gross receipts of a taxpayer in a taxable year that exceed**
12 **twenty-five million dollars (\$25,000,000).**

13 (b) The licensed owner shall remit the tax imposed by this chapter to
14 the department before the close of the business day following the day
15 the wagers are made.

16 (c) The department may require payment under this section to be
17 made by electronic funds transfer (as defined in IC 4-8.1-2-7(e)).

18 (d) If the department requires taxes to be remitted under this chapter
19 through electronic funds transfer, the department may allow the
20 licensed owner to file a monthly report to reconcile the amounts
21 remitted to the department.

22 (e) The department may allow taxes remitted under this section to
23 be reported on the same form used for taxes paid under IC 4-33-12.

24 **(f) Each month the department shall determine the following:**

25 **(1) The amount of taxes imposed by this chapter that are**
26 **remitted by a licensed owner.**

27 **(2) The amount of taxes imposed by this chapter that would**
28 **have been remitted by a licensed owner if the licensed owner's**
29 **adjusted gross receipts received from gambling games**
30 **authorized by this article had been taxed at the rate of twenty**
31 **percent (20%).**

32 **(3) The result of the subdivision (2) amount multiplied by**
33 **twenty-five percent (25%).**

34 **(4) The result of the subdivision (2) amount multiplied by**
35 **seventy-five percent (75%).**

36 **(5) The result of the subdivision (1) amount minus the**
37 **subdivision (2) amount.**

38 SECTION 14. IC 4-33-13-5, AS AMENDED BY P.L.273-1999,

SECTION 44, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) ~~Twenty-five percent (25%) of the tax revenue remitted by The amount determined under section 1(f)(3) of this chapter for~~ each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a city described in IC 4-33-12-6(b)(1)(A);

(B) in equal shares to the counties described in IC 4-33-1-1(3), in the case of a riverboat whose home dock is on Patoka Lake; or

(C) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A) or a county described in clause (B); and

(2) ~~Seventy-five percent (75%) of the tax revenue remitted by~~ **The amount determined under section 1(f)(4) of this chapter** for each licensed owner shall be paid to the build Indiana fund lottery and gaming surplus account.

(3) The amount determined under section 1(f)(5) of this chapter for each licensed owner shall be paid to the state general fund."

Page 8, delete lines 1 through 4.

Page 8, delete lines 40 through 41, begin a new paragraph and insert:

"SECTION 3. IC 6-1.1-1-8.7 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.7. "Low income housing" means real property that on an assessment date is used to obtain any of the following benefits:**

(1) Low income housing credits under Section 42 of the Internal Revenue Code.

(2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.

(3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.

(4) A low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.

(5) A government rent subsidy for housing.

(6) A government guaranteed loan for a housing project.

SECTION 15. IC 6-1.1-1-8.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 8.8. "Multifamily dwelling complex" refers to one (1) or more adjacent tracts and the building or buildings on the tracts that each contain at least two (2) residential units and are under common management or control.**

SECTION 16. IC 6-1.1-1-13.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 13.5. (a) "Principal rental dwelling" refers to residential improvements to land that an individual with a leasehold interest in the property uses as the individual's principal place of residence, regardless of whether the individual is absent from the property while in a facility described in subsection (b).**

(b) The term does not include any of the following:

(1) A hospital licensed under IC 16-21.

(2) A health facility licensed under IC 16-28.

(3) A residential facility licensed under IC 16-28.

(4) A Christian Science home or sanatorium.

(5) A group home licensed under IC 12-17.4 or IC 12-28-4.

(6) An establishment that serves as an emergency shelter for victims of domestic violence, homeless persons, or other similar purpose.

(7) A fraternity, sorority, or student cooperative housing organization described in IC 6-2.1-3-19.

SECTION 17. IC 6-1.1-3-7.5, AS AMENDED BY P.L.198-2001, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 7.5. (a) A taxpayer may file an amended personal property tax return, in conformity with the rules adopted by**

1 the state board of tax commissioners (before the board was abolished)
 2 or the department of local government finance, not more than six (6)
 3 months after the later of the following:

4 (1) The filing date for the original personal property tax return. if
 5 the taxpayer is not granted an extension in which to file under
 6 section 7 of this chapter.

7 (2) The extension date for the original personal property tax
 8 return, if the taxpayer is granted an extension under section 7 of
 9 this chapter.

10 (b) A tax adjustment related to an amended personal property tax
 11 return shall be made in conformity with rules adopted under IC 4-22-2
 12 by the state board of tax commissioners (before the board was
 13 abolished) or the department of local government finance.

14 (c) If a taxpayer wishes to correct an error made by the taxpayer on
 15 the taxpayer's original personal property tax return, the taxpayer must
 16 file an amended personal property tax return under this section within
 17 the time required by subsection (a). A taxpayer may claim on an
 18 amended personal property tax return any adjustment or exemption that
 19 would have been allowable under any statute or rule adopted by the
 20 state board of tax commissioners (before the board was abolished) or
 21 the department of local government finance if the adjustment or
 22 exemption had been claimed on the original personal property tax
 23 return.

24 (d) Notwithstanding any other provision, if:

25 (1) a taxpayer files an amended personal property tax return under
 26 this section in order to correct an error made by the taxpayer on
 27 the taxpayer's original personal property tax return; and

28 (2) the taxpayer is entitled to a refund of personal property taxes
 29 paid by the taxpayer under the original personal property tax
 30 return;

31 the taxpayer is not entitled to interest on the refund.

32 (e) If a taxpayer files an amended personal property tax return for
 33 a year before July 16 of that year, the taxpayer shall pay taxes payable
 34 in the immediately succeeding year based on the assessed value
 35 reported on the amended return.

36 (f) If a taxpayer files an amended personal property tax return for a
 37 year after July 15 of that year, the taxpayer shall pay taxes payable in
 38 the immediately succeeding year based on the assessed value reported

on the taxpayer's original personal property tax return. A taxpayer that paid taxes under this subsection is entitled to a credit in the amount of taxes paid by the taxpayer on the remainder of:

- (1) the assessed value reported on the taxpayer's original personal property tax return; minus
- (2) the finally determined assessed value that results from the filing of the taxpayer's amended personal property tax return.

Except as provided in subsection (k), the county auditor shall apply the credit against the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid.

(g) If the amount of the credit to which the taxpayer is entitled under subsection (f) exceeds the amount of the taxpayer's property taxes on personal property payable in the year that immediately succeeds the year in which the taxes were paid, the county auditor shall apply the amount of the excess credit against the taxpayer's property taxes on personal property in the next succeeding year.

(h) Not later than December 31 of the year in which a credit is applied under subsection (g), the county auditor shall refund to the taxpayer the amount of any excess credit that remains after application of the credit under subsection (g).

(i) The taxpayer is not required to file an application for:

- (1) a credit under subsection (f) or (g); or
- (2) a refund under subsection (h).

(j) Before August 1 of each year, the county auditor shall provide to each taxing unit in the county an estimate of the total amount of the credits under subsection (f) or (g) that will be applied against taxes imposed by the taxing unit that are payable in the immediately succeeding year.

(k) A county auditor may refund a credit amount to a taxpayer before the time the credit would otherwise be applied against property tax payments under this section.

(l) The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).

SECTION 18. IC 6-1.1-4-4, AS AMENDED BY P.L.198-2001, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

UPON PASSAGE]: Sec. 4. (a) A general reassessment, involving a physical inspection of all real property in Indiana, shall begin July 1, 2000, and each fourth year thereafter. Each reassessment shall be completed on or before March 1, of the immediately following even-numbered year, and shall be the basis for taxes payable in the year following the year in which the general assessment is to be completed. **However, the general reassessment scheduled to begin under this subsection on July 1, 2000, shall be completed on or before March 1, 2003, and shall be the basis for taxes first due and payable in 2004.**

(b) In order to ensure that assessing officials and members of each county property tax assessment board of appeals are prepared for a general reassessment of real property, the ~~state board~~ **department of tax commissioners local government finance** shall give adequate advance notice of the general reassessment to the county and township taxing officials of each county.

SECTION 19. IC 6-1.1-4-32, AS ADDED BY P.L.151-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(b) Notwithstanding IC 6-1.1-4-15 and IC 6-1.1-4-17, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, ~~2002~~, **2003**, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

(1) a township assessor in a qualifying county; or

(2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the state board of tax commissioners or the state board's contractor under subsection (c) any support and information requested by the state board or the contractor.

(c) The state board of tax commissioners **or its successor, the department of local government finance**, shall select and contract with a nationally recognized certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be

completed for the March 1, ~~2002~~, **2003**, assessment date. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
 - (A) prepare a detailed report of:
 - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under ~~IC 6-1.1-4-28~~; **section 28.5 of this chapter**; and
 - (ii) the balance in the reassessment fund as of the date of the report; and
 - (B) file the report with:
 - (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the ~~state board department of tax commissioners~~; **local government finance**; and
 - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) a provision requiring the appraisal firm to use the land values determined for the qualifying county under ~~IC 6-1.1-4-13.6~~; **section 13.6 of this chapter**;
- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the state board of tax commissioners;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the ~~state board department of tax commissioners~~; **local government finance**; and
- (9) any other provisions required by the state board of tax commissioners.

(d) After receiving the report of assessed values from the appraisal firm, the ~~state board department of tax commissioners local government finance~~ shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment is subject to appeal by the taxpayer to the ~~state Indiana board of tax commissioners~~. Except as provided in subsection (e), the procedures and time limitations that apply to an appeal to the ~~state Indiana board of tax commissioners~~ of a determination of the county property tax assessment board of appeals under IC 6-1.1-15 apply to an appeal under this subsection. A determination by the ~~state Indiana board of tax commissioners~~ of an appeal under this subsection is subject to appeal to the tax court under IC 6-1.1-15.

(e) In order to obtain a review by the ~~state Indiana board of tax commissioners~~ under subsection (d), the taxpayer must file a petition for review with the appropriate county assessor within forty-five (45) days after the notice of the ~~state board department of tax commissioners local government finance~~ is given to the taxpayer under subsection (d).

(f) The ~~state board department of tax commissioners local government finance~~ shall mail the notice required by subsection (d) within ninety (90) days after the board receives the report for a parcel from the professional appraisal firm.

(g) The cost of a contract under this section shall be paid from the property reassessment fund of the qualifying county established under ~~IC 6-1.1-4-27~~. **section 27.5 of this chapter.**

(h) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the state board of tax commissioners **or its successor, the department of local government finance**, under this section:

- (1) The commissioner of the department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

A contract issued under this section by the state board of tax commissioners shall be treated as the contract of the department of local government finance for all purposes.

(i) With respect to a general reassessment of real property to be completed under IC 6-1.1-4-4 for an assessment date after the March

1, ~~2002~~, **2003**, assessment date, the ~~state board~~ **department of tax commissioners local government finance** shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The ~~state board~~ **department of local government finance** may contract to have the review performed by an appraisal firm. The ~~state board~~ **department of local government finance** or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(j) If:

- (1) the variance determined under subsection (i) exceeds ten percent (10%); and
- (2) the ~~state board~~ **department of local government finance** determines after holding hearings on the matter that a special reassessment should be conducted;

the ~~state board~~ **department of local government finance** shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(k) If the variance determined under subsection (i) is ten percent (10%) or less, the ~~state board~~ **department of tax commissioners local government finance** shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(l) The ~~state board~~ **department of tax commissioners local government finance** shall give notice by mail to a taxpayer of a hearing concerning the ~~state board's~~ **intent of the department of local government finance** to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The ~~state board~~ **department of local government finance** may conduct a single hearing under this section with respect to multiple properties. The

1 notice must state:

- 2 (1) the time of the hearing;
 3 (2) the location of the hearing; and
 4 (3) that the purpose of the hearing is to hear taxpayers' comments
 5 and objections with respect to the ~~state board's~~ **intent of the**
 6 **department of local government finance** to reassess property
 7 under this chapter.

8 (m) If the ~~state board~~ **department of tax commissioners local**
 9 **government finance** determines after the hearing that property should
 10 be reassessed under this section, the ~~state board~~ **department of local**
 11 **government finance** shall:

- 12 (1) cause the property to be reassessed under this section;
 13 (2) mail a certified notice of its final determination to the county
 14 auditor of the qualifying county in which the property is located;
 15 and
 16 (3) notify the taxpayer by mail of its final determination.

17 (n) A reassessment may be made under this section only if the
 18 notice of the final determination under subsection (l) is given to the
 19 taxpayer within the same period prescribed in IC 6-1.1-9-3 or
 20 IC 6-1.1-9-4.

21 (o) If the ~~state board~~ **department of tax commissioners local**
 22 **government finance** contracts for a special reassessment of property
 23 under this section, the ~~state board~~ **department of local government**
 24 **finance** shall forward the bill for services of the contractor to the
 25 county auditor, and the county shall pay the bill from the county
 26 reassessment fund.

27 (p) A township assessor in a qualifying county or a county assessor
 28 of a qualifying county shall provide information requested in writing
 29 by the ~~state board~~ **department of tax commissioners local government**
 30 **finance** or ~~the state board's~~ **its** contractor under this section not later
 31 than seven (7) days after receipt of the written request from the state
 32 board or the contractor. If a township assessor or county assessor fails
 33 to provide the requested information within the time permitted in this
 34 subsection, the ~~state board~~ **department of tax commissioners local**
 35 **government finance** or ~~the state board's~~ **its** contractor may seek an
 36 order of the tax court under IC 33-3-5-2.5 for production of the
 37 information.

38 (q) The provisions of this section are severable in the manner

1 provided in IC 1-1-1-8(b).

2 SECTION 20. IC 6-1.1-4-33 IS ADDED TO THE INDIANA CODE
3 AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE**
4 **UPON PASSAGE]: Sec. 33. (a) This section applies only to property**
5 **taxes first due and payable in 2003.**

6 (b) Notwithstanding the rulemaking authority granted to the
7 department of local government finance under IC 6-1.1, the repeal
8 of various provisions in 50 IAC 2.2 by LSA Document #00-108, and
9 the repeal of various provisions in 50 IAC 5.1 by LSA Document
10 #01-347, the determination of the assessed value of tangible real
11 property on an assessment date in calendar year 2002 shall be
12 made in accordance with the:

13 (1) statutes; and
14 (2) rules of the state board of tax commissioners (before its
15 termination);
16 in effect on July 1, 2001, and any statute enacted by the general
17 assembly in 2002 that applies to an assessment date in 2002.

18 (c) This section expires January 1, 2004.

19 SECTION 21. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE
20 AS A **NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**
21 **UPON PASSAGE]:**

22 **Chapter 6.9. Rental and Cooperative Housing**

23 **Sec. 1. Except as provided in sections 2 and 3 of this chapter, an**
24 **assessing official, for an original appraisal or an appeal of an**
25 **appraisal, shall consider all relevant information in determining**
26 **the true tax value of rental and cooperative housing to the extent**
27 **that the information is allowed under the rules adopted by the state**
28 **board of tax commissioners before January 1, 2002, or the**
29 **department of local government finance after December 31, 2001.**
30 **Relevant information consists of the following:**

31 (1) Rental levels and income.
32 (2) Actual construction costs.
33 (3) Comparable properties.
34 (4) Appraisals of the use value of the property.
35 (5) Contract or deed restrictions requiring low income
36 housing to be rented at less than its fair market rental value.
37 (6) Any other information compiled in accordance with
38 generally accepted appraisal principles.

1 **Sec. 2. The true tax value of low income rental housing shall be**
 2 **determined using the capitalization of income method of valuation.**

3 **Sec. 3. The value of any tax incentive credits or other**
 4 **government subsidies, including below market financing, granted**
 5 **for the construction, conversion, or use of property as low income**
 6 **housing may not be considered in determining the true tax value of**
 7 **the property regardless of whether the credits or other subsidies**
 8 **are made available, directly or indirectly, to compensate the owner**
 9 **for the rental of low income housing at a rate that is less than the**
 10 **fair market rental rate for the property.**

11 SECTION 23. IC 6-1.1-8-37.5 IS ADDED TO THE INDIANA
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JANUARY 1, 2004]: **Sec. 37.5. (a) As used in this**
 14 **section, "base period tax amount" means the total property taxes**
 15 **first due and payable in Indiana by a public utility company during**
 16 **the period beginning January 1, 2003, and ending December 31,**
 17 **2003.**

18 **(b) If the total property taxes first due and payable in Indiana**
 19 **by a public utility company in any year beginning after December**
 20 **31, 2003, are less than the base period tax amount for the public**
 21 **utility company, the public utility company shall pay a special**
 22 **assessment equal to:**

23 **(1) the base period tax amount owed by the public utility**
 24 **company (after adjusting the amount to recognize the effect**
 25 **of the reduction in school and county levies required by**
 26 **statute after December 31, 2003); minus**

27 **(2) the total property taxes first due and payable in Indiana**
 28 **by the public utility company for the particular year.**

29 **The special assessment is due and payable in the same year as the**
 30 **taxes described in subdivision (2).**

31 **(c) The department of local government finance shall calculate**
 32 **the amount of the special assessment under subsection (b) and**
 33 **determine the part of the special assessment that is attributable to**
 34 **each affected county. The department shall certify the part of the**
 35 **special assessment due to an affected county to that county auditor**
 36 **for the county not later than March 15 of the year the special**
 37 **assessment is due. The county auditor shall certify the county's**
 38 **part of the special assessment to the county treasurer, and the**

1 county treasurer shall collect that amount in the same manner that
2 ad valorem property taxes are collected.

3 (d) The accounts of each of the taxing units within an affected
4 county shall be credited with a proportionate share of the special
5 assessment collected by the county under subsection (c) equal to
6 the amount of the special assessment collected by the county
7 multiplied by a fraction. The numerator of the fraction is equal to
8 the amount of ad valorem property taxes credited to the account
9 from property taxes first due and payable from the public utility
10 company in the particular year. The denominator is the total ad
11 valorem property taxes credited to all accounts in the county from
12 property taxes first due and payable from the public utility
13 company in the particular year.

14 (e) The distribution of the special assessment under this section
15 shall be treated as ad valorem property taxes for the purposes of
16 setting tax rates, tax levies, and budgets of taxing units.

17 SECTION 24. IC 6-1.1-8.7-3, AS ADDED BY P.L.198-2001,
18 SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
19 UPON PASSAGE]: Sec. 3. (a) Before January 1, ~~2003~~, **2004**, two
20 hundred fifty (250) or more owners of real property in a township may
21 petition the department of local government finance to assess the real
22 property of an industrial facility in the township for the 2004
23 assessment date.

24 (b) Before January 1 of each year that a general reassessment
25 commences under IC 6-1.1-4-4, two hundred fifty (250) or more
26 owners of real property in a township may petition the department of
27 local government finance to assess the real property of an industrial
28 facility in the township for that general reassessment.

29 (c) An industrial company may at any time petition the department
30 of local government finance to assess an industrial facility owned or
31 used by the company.

32 SECTION 25. IC 6-1.1-12-37, AS AMENDED BY P.L.291-2001,
33 SECTION 142, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JANUARY 1, 2004]: Sec. 37. (a) Each year a person
35 who is entitled to receive the homestead credit provided under
36 IC 6-1.1-20.9 for property taxes payable in the following year is
37 entitled to a standard deduction from the assessed value of the real
38 property, mobile home not assessed as real property, or manufactured

home not assessed as real property that qualifies for the homestead credit. The auditor of the county shall record and make the deduction for the person qualifying for the deduction.

(b) Except as provided in section 40.5 of this chapter, the total amount of the deduction that a person may receive under this section for a particular year is the lesser of:

(1) one-half (1/2) of the assessed value of the real property, mobile home not assessed as real property, or manufactured home not assessed as real property; or

(2) ~~six~~ **twenty-five** thousand dollars ~~(\$6,000)~~: **(\$25,000)**.

(c) A person who has sold real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property to another person under a contract that provides that the contract buyer is to pay the property taxes on the real property, mobile home, or manufactured home may not claim the deduction provided under this section with respect to that real property, mobile home, or manufactured home.

SECTION 26. IC 6-1.1-12-41 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 41. (a) This section applies only to assessment dates in 2002 and property taxes first due and payable in 2002 for mobile homes and in 2003 for other tangible personal property.**

(b) As used in this section, "construction in process" means tangible personal property not placed in service. The term includes tangible personal property that has not been depreciated and is not yet eligible for federal income tax depreciation. The term does not include inventory, leased property, or returnable containers. The term applies to all tangible personal property regardless of whether it is owned by a public utility company or another taxpayer.

(c) A taxpayer is entitled to a deduction against the assessed value of tangible personal property equal to the greater of:

(1) zero (0); or

(2) the amount determined under subsection (d) or (e).

(d) The department of local government finance shall establish a method for computing a deduction for construction in process that results in an assessed value that is equal to the assessed value

1 that would have been determined for the property under the
2 personal property tax rules in effect for the 2001 assessment date.

3 (e) This subsection applies to tangible personal property that
4 does not qualify as construction in process. The department of local
5 government finance shall establish a method for computing a
6 deduction for tangible personal property and mobile homes subject
7 to assessment under IC 6-1.1-7 that results in the valuation of
8 tangible personal property and mobile homes on a statewide basis
9 at an amount that is equal to the assessed value that would have
10 been determined for the tangible personal property and mobile
11 homes under the personal property tax rules in effect for the 2001
12 assessment date.

13 (f) Each county auditor, with the assistance of the assessing
14 officials in the county, shall review the personal property tax
15 returns filed in the county for property taxes first due and payable
16 in 2003. The county auditor shall identify each person owning
17 property in the class of tangible personal property eligible for a
18 deduction under this section and apply the deduction to the
19 assessed value of the person's tangible personal property belonging
20 to the class.

21 (g) Budgets, tax rates, and tax levies for 2003 must be computed
22 using the assessed value of tangible personal property determined
23 after the application of the deduction allowed under this section.

24 (h) This section expires January 1, 2004.

25 SECTION 27. IC 6-1.1-12-42 IS ADDED TO THE INDIANA
26 CODE AS A NEW SECTION TO READ AS FOLLOWS
27 [EFFECTIVE JANUARY 1, 2004]: Sec. 42. (a) This section applies
28 to a multifamily dwelling complex.

29 (b) The owner of a multifamily dwelling complex is entitled to
30 a deduction from the assessed value of the multifamily dwelling
31 complex equal to twenty-five thousand dollars (\$25,000).

32 (c) A certificate of occupancy that complies with this subsection
33 is prima facie evidence that the real property is a multifamily
34 dwelling complex. To comply with this subsection, the certificate
35 of occupancy must:

36 (1) be prepared on a form prescribed by the department of
37 local government finance;

38 (2) be signed under penalties of perjury by owner of the

1 multifamily dwelling complex or the principal officer of the
2 entity owning the complex; and

3 (3) indicate that substantially all of the units in the
4 multifamily dwelling complex were used as principal rental
5 dwellings on an assessment date or within two (2) years before
6 the assessment date.

7 (d) To obtain the deduction under this section, the:

8 (1) owner of the multifamily dwelling complex; or

9 (2) principal officer for the cooperative, common interest
10 community, or owner's association owning the multi-family
11 dwelling complex;

12 must file a certified application in duplicate, on forms prescribed
13 by the department of local government finance, with the auditor of
14 the county in which the property is subject to assessment. The
15 certified application must be filed before May 11 in the year
16 containing the assessment date to which the application applies.

17 (e) If the owner of the multifamily dwelling complex is eligible
18 to receive:

19 (1) a homestead credit for the multifamily dwelling complex
20 under IC 6-1.1-20.9; or

21 (2) the standard deduction for the multifamily dwelling
22 complex under section 37 of this chapter;

23 the owner may not claim the deduction provided under this section.

24 (f) If the multifamily dwelling complex contains more than one
25 (1) building with principal rental dwellings, the deduction provided
26 this section shall be allocated among the tracts and buildings on the
27 tracts in proportion to the assessed valuation of each tract and
28 building.

29 SECTION 28. IC 6-1.1-12.1-4.5, AS AMENDED BY P.L.4-2000,
30 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 MARCH 1, 2002 (RETROACTIVE)]: Sec. 4.5. (a) For purposes of this
32 section, "personal property" means personal property other than
33 inventory (as defined in IC 6-1.1-3-11(a)).

34 (b) An applicant must provide a statement of benefits to the
35 designating body. The applicant must provide the completed statement
36 of benefits form to the designating body before the hearing specified in
37 section 2.5(c) of this chapter or before the installation of the new
38 manufacturing equipment or new research and development

equipment, or both, for which the person desires to claim a deduction under this chapter. The state board of tax commissioners shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

(1) A description of the new manufacturing equipment or new research and development equipment, or both, that the person proposes to acquire.

(2) With respect to:

(A) new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products; and

(B) new research and development equipment;

an estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the installation of the new manufacturing equipment or new research and development equipment, or both, and an estimate of the annual salaries of these individuals.

(3) An estimate of the cost of the new manufacturing equipment or new research and development equipment, or both.

(4) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, an estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products by the new manufacturing equipment.

With the approval of the state board of tax commissioners, the statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(c) The designating body must review the statement of benefits required under subsection (b). The designating body shall determine whether an area should be designated an economic revitalization area or whether the deduction shall be allowed, based on (and after it has made) the following findings:

(1) Whether the estimate of the cost of the new manufacturing equipment or new research and development equipment, or both, is reasonable for equipment of that type.

(2) With respect to:

- 1 (A) new manufacturing equipment not used to dispose of solid
 2 waste or hazardous waste by converting the solid waste or
 3 hazardous waste into energy or other useful products; and
 4 (B) new research and development equipment;
 5 whether the estimate of the number of individuals who will be
 6 employed or whose employment will be retained can be
 7 reasonably expected to result from the installation of the new
 8 manufacturing equipment or new research and development
 9 equipment, or both.
- 10 (3) Whether the estimate of the annual salaries of those
 11 individuals who will be employed or whose employment will be
 12 retained can be reasonably expected to result from the proposed
 13 installation of new manufacturing equipment or new research and
 14 development equipment, or both.
- 15 (4) With respect to new manufacturing equipment used to dispose
 16 of solid waste or hazardous waste by converting the solid waste
 17 or hazardous waste into energy or other useful products, whether
 18 the estimate of the amount of solid waste or hazardous waste that
 19 will be converted into energy or other useful products can be
 20 reasonably expected to result from the installation of the new
 21 manufacturing equipment.
- 22 (5) Whether any other benefits about which information was
 23 requested are benefits that can be reasonably expected to result
 24 from the proposed installation of new manufacturing equipment
 25 or new research and development equipment, or both.
- 26 (6) Whether the totality of benefits is sufficient to justify the
 27 deduction.
- 28 The designating body may not designate an area an economic
 29 revitalization area or approve the deduction unless it makes the
 30 findings required by this subsection in the affirmative.
- 31 (d) Except as provided in subsection (f), an owner of new
 32 manufacturing equipment whose statement of benefits is approved
 33 before May 1, 1991, is entitled to a deduction from the assessed value
 34 of that equipment for a period of five (5) years. Except as provided in
 35 subsections (f) and (i), an owner of new manufacturing equipment or
 36 new research and development equipment, or both, whose statement of
 37 benefits is approved after June 30, 2000, is entitled to a deduction from
 38 the assessed value of that equipment for the number of years

determined by the designating body under subsection (h). Except as provided in subsections (f), ~~and (g), and (j)~~ and in section 2(i)(3) of this chapter, the amount of the deduction that an owner is entitled to for a particular year equals the product of:

(1) the assessed value of the new manufacturing equipment or new research and development equipment, or both, in the year ~~that the equipment is installed, of deduction under the table set forth in subsection (e), as adjusted under section 4.7 of this chapter;~~ multiplied by

(2) the percentage prescribed in the table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

(1) For deductions allowed over a one (1) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd and thereafter	0%

(2) For deductions allowed over a two (2) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	50%
3rd and thereafter	0%

(3) For deductions allowed over a three (3) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	66%
3rd	33%
4th and thereafter	0%

(4) For deductions allowed over a four (4) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	75%
3rd	50%
4th	25%
5th and thereafter	0%

(5) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%

1	2nd	80%
2	3rd	60%
3	4th	40%
4	5th	20%
5	6th and thereafter	0%

6 (6) For deductions allowed over a six (6) year period:

7	YEAR OF DEDUCTION	PERCENTAGE
8	1st	100%
9	2nd	85%
10	3rd	66%
11	4th	50%
12	5th	34%
13	6th	25%
14	7th and thereafter	0%

15 (7) For deductions allowed over a seven (7) year period:

16	YEAR OF DEDUCTION	PERCENTAGE
17	1st	100%
18	2nd	85%
19	3rd	71%
20	4th	57%
21	5th	43%
22	6th	29%
23	7th	14%
24	8th and thereafter	0%

25 (8) For deductions allowed over an eight (8) year period:

26	YEAR OF DEDUCTION	PERCENTAGE
27	1st	100%
28	2nd	88%
29	3rd	75%
30	4th	63%
31	5th	50%
32	6th	38%
33	7th	25%
34	8th	13%
35	9th and thereafter	0%

36 (9) For deductions allowed over a nine (9) year period:

37	YEAR OF DEDUCTION	PERCENTAGE
38	1st	100%

1	2nd	88%
2	3rd	77%
3	4th	66%
4	5th	55%
5	6th	44%
6	7th	33%
7	8th	22%
8	9th	11%
9	10th and thereafter	0%

10 (10) For deductions allowed over a ten (10) year period:

11	YEAR OF DEDUCTION	PERCENTAGE
12	1st	100%
13	2nd	90%
14	3rd	80%
15	4th	70%
16	5th	60%
17	6th	50%
18	7th	40%
19	8th	30%
20	9th	20%
21	10th	10%
22	11th and thereafter	0%

23 (f) Notwithstanding subsections (d) and (e), a deduction under this
 24 section is not allowed in the first year the deduction is claimed for new
 25 manufacturing equipment or new research and development
 26 equipment, or both, to the extent that it would cause the assessed value
 27 of all of the personal property of the owner in the taxing district in
 28 which the equipment is located (excluding personal property that is
 29 assessed as construction in process) to be less than the assessed value
 30 of all of the personal property of the owner in that taxing district
 31 (excluding personal property that is assessed as construction in
 32 process) in the immediately preceding year.

33 (g) If a deduction is not fully allowed under subsection (f) in the first
 34 year the deduction is claimed, then the percentages specified in
 35 subsection (d) or (e) apply in the subsequent years to the amount of
 36 deduction that was allowed in the first year.

37 (h) For an economic revitalization area designated before July 1,
 38 2000, the designating body shall determine whether a property owner

whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. For an economic revitalization area designated after June 30, 2000, the designating body shall determine the number of years the deduction is allowed. However, the deduction may not be allowed for more than ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or

(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the resolution shall be sent to the county auditor and the state board of tax commissioners.

A determination about the number of years the deduction is allowed that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(i) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

(1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or

(2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

(j) The deduction determined under this subsection applies only to new manufacturing equipment or new research and development equipment, or both installed before March 2, 2001. The department of local government finance shall determine the deduction so that the amount of the deduction for the year bears the same proportion to the assessed value of the equipment for the year that the amount of the deduction determined for the year under this section as in effect on March 1, 2001, bears to the assessed value of the equipment determined for the year using 50 IAC 4.2 and 50 IAC 5.1 as in effect on January 1, 2001. The department of local government finance shall adopt rules under

IC 4-22-2 for the implementation of this subsection.

SECTION 32. IC 6-1.1-15-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. If a review or appeal authorized under this chapter results in a reduction of the amount of an assessment or if the ~~state board of tax commissioners~~ **department of local government finance** on its own motion reduces an assessment, the taxpayer is entitled to a credit in the amount of any overpayment of tax on the next successive tax installment, if any, due in that year. If, after the credit is given, a further amount is due the taxpayer, he may file a claim for the amount due. If the claim is allowed by the board of county commissioners, the county auditor shall, without an appropriation being required, pay the amount due the taxpayer. The county auditor shall charge the amount refunded to the taxpayer against the accounts of the various taxing units to which the overpayment has been paid. **The county auditor shall report to the department of state revenue any refund or credit to a taxpayer made under this section resulting from a reduction of the amount of an assessment of business personal property (as defined in IC 6-3.1-24-2).**

SECTION 35. IC 6-1.1-18.5-9.7, AS AMENDED BY P.L.273-1999, SECTION 55, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed under any of the following:

- (1) ~~IC 12-16, except IC 12-16-1,~~
- (2) ~~(1)~~ IC 12-19-5.
- (3) ~~(2)~~ IC 12-19-7.
- (4) ~~(3)~~ IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.

SECTION 36. IC 6-1.1-18.6-2, AS AMENDED BY P.L.273-1999, SECTION 56, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JANUARY 1, 2004]: Sec. 2. A county may not impose a county family and children property tax levy for an ensuing calendar year that exceeds the product of:

(1) the assessed value growth quotient determined under IC 6-1.1-18.5-2 for the county for the ensuing calendar year; multiplied by

(2) **for:**

(A) calendar year 2004, fifty percent (50%) of the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section; and

(B) calendar year 2005 and thereafter, the maximum county family and children property tax levy that the county could have imposed for the calendar year immediately preceding the ensuing calendar year under the limitations set by this section.

SECTION 37. IC 6-1.1-18.6-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) A county may increase its maximum county family and children property tax levy for an ensuing calendar year if in the judgment of the county fiscal body the increase is necessary to pay the obligations that will be incurred by the county for children in need of services under IC 31-34-1-1 through IC 31-34-1-9 and delinquent children as described under IC 31-37-1 or IC 31-37-2 during the ensuing calendar year. The maximum increase that the county fiscal body may recommend for a county may not exceed:

(1) **fifty percent (50%) of the county's expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 for the ensuing calendar year; minus**

(2) the portion of the county's family and children's fund levy for the year preceding the ensuing calendar year that was available to pay obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2.

(b) In making its recommendation, the county fiscal body shall consider the county's estimate of expected obligations under IC 31-34-1-1 through IC 31-34-1-9, IC 31-37-1, and IC 31-37-2 but may make adjustments to the county's estimate.

(c) The decision of the county fiscal body under this section is a final determination that may not be appealed.

SECTION 38. IC 6-1.1-19-1.5, AS AMENDED BY P.L.291-2001, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the ~~state board of tax commissioners~~ **department of local government finance** for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for an ensuing calendar year, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: Determine the result of:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the quotient resulting from:

(i) the absolute value of the result of the school corporation's adjustment factor minus one (1); divided by

(ii) two (2).

STEP THREE: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP FIVE;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FIVE and not under

- 1 STEP FOUR; or
- 2 (C) equals the school corporation's previous year property tax
- 3 rate, determine the levy resulting from using the school
- 4 corporation's adjusted target property tax rate and do not perform
- 5 the calculation under STEP FOUR or STEP FIVE.
- 6 ~~The school corporation's 2002 assessed valuation shall be used for~~
- 7 ~~purposes of determining the levy under clause (C) in 2002 and in~~
- 8 ~~2003.~~
- 9 STEP FOUR: Determine the levy resulting from using the school
- 10 corporation's previous year property tax rate after increasing the
- 11 rate by the lesser of:
- 12 (A) the STEP ONE result; or
- 13 (B) the sum of:
- 14 (i) five cents (\$0.05); plus
- 15 (ii) if the school corporation's adjustment factor is more than
- 16 one (1), the STEP TWO result.
- 17 ~~The school corporation's 2002 assessed valuation shall be used for~~
- 18 ~~purposes of determining the levy under this STEP in 2002 and in~~
- 19 ~~2003.~~
- 20 **STEP FIVE: For a calendar year beginning before January 1,**
- 21 **2004,** determine the levy resulting from using the school
- 22 corporation's previous year property tax rate after reducing the rate
- 23 by the lesser of:
- 24 (A) the absolute value of the STEP ONE result; or
- 25 (B) the sum of:
- 26 (i) nine cents (\$0.09); plus
- 27 (ii) if the school corporation's adjustment factor is less than
- 28 one (1), the STEP TWO result.
- 29 ~~The school corporation's 2002 assessed valuation shall be used for~~
- 30 ~~purposes of determining the levy under this STEP in 2002 and in~~
- 31 ~~2003.~~
- 32 **STEP SIX: For a calendar year beginning after December 31,**
- 33 **2003,** determine the levy resulting from using the school
- 34 corporation's previous year property tax rate after reducing
- 35 the rate by the absolute value of the STEP ONE result.
- 36 **STEP SEVEN:** Determine the result of:
- 37 (A) the STEP THREE (C), STEP FOUR, ~~or~~ STEP FIVE, or
- 38 **STEP SIX** result, whichever applies; plus

1 (B) an amount equal to the annual decrease in federal aid to
 2 impacted areas from the year preceding the ensuing calendar
 3 year by three (3) years to the year preceding the ensuing calendar
 4 year by two (2) years.

5 The maximum levy is to include the portion of any excessive levy
 6 and the levy for new facilities.

7 (c) For purposes of this section, "total assessed value", as adjusted
 8 under subsection (d), with respect to a school corporation means the
 9 total assessed value of all taxable property for ad valorem property
 10 taxes first due and payable during that year.

11 (d) The ~~state board of tax commissioners~~ **department of local**
 12 **government finance** may adjust the total assessed value of a school
 13 corporation to eliminate the effects of appeals and settlements arising
 14 from a statewide general reassessment of real property.

15 (e) The ~~state board~~ **department of local government finance** shall
 16 annually establish an assessment ratio and adjustment factor for each
 17 school corporation to be used upon the review and recommendation of
 18 the budget committee. The information compiled, including
 19 background documentation, may not be used in a:

- 20 (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13,
- 21 IC 6-1.1-14, or IC 6-1.1-15;
- 22 (2) petition for a correction of error under IC 6-1.1-15-12; or
- 23 (3) petition for refund under IC 6-1.1-26.

24 (f) All tax rates shall be computed by rounding the rate to the nearest
 25 one-hundredth of a cent (\$0.0001). All tax levies shall be computed by
 26 rounding the levy to the nearest dollar amount.

27 (g) **The department of local government finance shall apply this**
 28 **section to:**

- 29 **(1) determine a school corporation's general fund ad valorem**
- 30 **property tax levy for taxes due and payable after December 31,**
- 31 **2003; and**
- 32 **(2) effectuate the legislative intent of reducing each school**
- 33 **corporation's general fund ad valorem property tax levy by**
- 34 **fifty percent (50%) beginning January 1, 2004.**

35 SECTION 39. IC 6-1.1-20.9-2, AS AMENDED BY P.L.291-2001,
 36 SECTION 125, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) Except as otherwise provided
 38 in section 5 of this chapter, an individual who on March 1 of a

particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals the product of:

(1) the percentage prescribed in subsection (d); multiplied by

(2) the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, which is attributable to the homestead during the particular calendar year.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12 or IC 6-1.1-12.1 for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2003	10%
2004 and thereafter	4% 15%

However, the property tax replacement fund board established under IC 6-1.1-21-10, in its sole discretion, may increase the percentage of the credit provided in the schedule for any year, if the board feels that the property tax replacement fund contains enough money for the resulting increased distribution. If the board increases the percentage of the credit provided in the schedule for any year, the percentage of the credit for the immediately following year is the percentage provided in the schedule for that particular year, unless as provided in this subsection the board in its discretion increases the percentage of the credit provided in the schedule for that particular year. However, the percentage credit allowed in a particular county for a particular year

shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

(e) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

(f) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

(g) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

(1) an individual uses the residence as the individual's principal place of residence;

(2) the residence is located in Indiana;

(3) the individual has a beneficial interest in the taxpayer;

(4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and

(5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

SECTION 40. IC 6-1.1-20.9-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 2.5. (a) Notwithstanding section 2 of this chapter, an individual's homestead credit computed under section 2 of this chapter for property taxes first due and payable in 2004, 2005, and 2006 is increased by the amount determined under STEP FIVE of the following formula:**

STEP ONE: Determine the amount of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year.

STEP TWO: Subtract from the STEP ONE amount that part, if any, of the individual's property tax liability, as that term is defined in IC 6-1.1-21-5, that is attributable to the individual's homestead in the current year as a result of improvements or additions to the individual's homestead after

1 the 2002 assessment date.

2 **STEP THREE: Determine the amount of property tax**
 3 **liability, as that term is defined in IC 6-1.1-21-5, that was**
 4 **attributable to the property described in STEP ONE during**
 5 **2003.**

6 **STEP FOUR: Subtract the STEP THREE amount from the**
 7 **STEP TWO remainder.**

8 **STEP FIVE: If the STEP FOUR remainder is greater than**
 9 **zero (0), the amount of the increase is equal to:**

10 (A) twenty-five percent (25%) of the STEP FOUR
 11 remainder in 2004;

12 (B) eighteen percent (18%) of the STEP FOUR remainder
 13 in 2005;

14 (C) nine percent (9%) of the STEP FOUR remainder in
 15 2006.

16 **If the STEP FOUR remainder is less than zero (0), the amount of**
 17 **the increase is equal to zero (0).**

18 (b) The department of local government finance may adopt
 19 rules under IC 4-22-2 to implement this section.

20 (c) This section expires January 1, 2006.

21 SECTION 41. IC 6-1.1-21-3 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) On or
 23 before March 1 of each year, the state board of tax commissioners shall
 24 certify to the department on a form approved by the state board of
 25 accounts, an estimate of the total county tax levy collectible in that
 26 calendar year for each county in the state. The estimate shall be based
 27 on the tax collections for the preceding calendar year, adjusted as
 28 necessary to reflect the total county tax levy (as defined in section 2(g)
 29 of this chapter) from the budgets, tax levies, and rates as finally
 30 determined and acted upon by the state board of tax commissioners.
 31 The department, with the assistance of the auditor of state, shall
 32 determine on the basis of the report an amount equal to ~~twenty~~ **ten**
 33 percent (~~20%~~) (**10%**) of the total county tax levy, which is the
 34 estimated property tax replacement.

35 (b) In the same report containing the estimate of a county's total
 36 county tax levy, the state board of tax commissioners shall also certify
 37 the amount of homestead credits provided under IC 6-1.1-20.9 which
 38 are allowed by the county for the particular calendar year.

(c) If there are one (1) or more taxing districts in the county that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter, the state board of tax commissioners shall estimate an additional distribution for the county in the same report required under subsection (a). This additional distribution equals the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Estimate that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the estimated property tax replacement determined under subsection (a) that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the property taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(d) The sum of the amounts determined under subsections (a) through (c) is the particular county's estimated distribution for the calendar year.

SECTION 42. IC 6-1.1-21-4, AS AMENDED BY P.L.198-2001, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

(1) ~~twenty ten percent (20%)~~ (10%) of each county's total county tax levy payable that year; ~~plus~~

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter.

This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain

- 1 all or part of an economic development district:
- 2 STEP ONE: Determine that part of the sum of the amounts
- 3 under section 2(g)(1)(A) and 2(g)(2) of this chapter that is
- 4 attributable to the taxing district.
- 5 STEP TWO: Divide:
- 6 (A) that part of the subdivision (1) amount that is
- 7 attributable to the taxing district; by
- 8 (B) the STEP ONE sum.
- 9 STEP THREE: Multiply:
- 10 (A) the STEP TWO quotient; times
- 11 (B) the property taxes levied in the taxing district that are
- 12 allocated to a special fund under IC 6-1.1-39-5.
- 13 (b) Except as provided in subsection (e), between March 1 and
- 14 August 31 of each year, the department shall distribute to each county
- 15 treasurer from the property tax replacement fund one-half (1/2) of the
- 16 estimated distribution for that year for the county. Between September
- 17 1 and December 15 of that year, the department shall distribute to each
- 18 county treasurer from the property tax replacement fund the remaining
- 19 one-half (1/2) of each estimated distribution for that year. The amount
- 20 of the distribution for each of these periods shall be according to a
- 21 schedule determined by the property tax replacement fund board under
- 22 section 10 of this chapter. The estimated distribution for each county
- 23 may be adjusted from time to time by the department to reflect any
- 24 changes in the total county tax levy upon which the estimated
- 25 distribution is based.
- 26 (c) On or before December 31 of each year or as soon thereafter as
- 27 possible, the department shall make a final determination of the amount
- 28 which should be distributed from the property tax replacement fund to
- 29 each county for that calendar year. This determination shall be known
- 30 as the final determination of distribution. The department shall
- 31 distribute to the county treasurer or receive back from the county
- 32 treasurer any deficit or excess, as the case may be, between the sum of
- 33 the distributions made for that calendar year based on the estimated
- 34 distribution and the final determination of distribution. The final
- 35 determination of distribution shall be based on the auditor's abstract
- 36 filed with the auditor of state, adjusted for postabstract adjustments
- 37 included in the December settlement sheet for the year, and such
- 38 additional information as the department may require.

1 (d) All distributions provided for in this section shall be made on
2 warrants issued by the auditor of state drawn on the treasurer of state.
3 If the amounts allocated by the department from the property tax
4 replacement fund exceed in the aggregate the balance of money in the
5 fund, then the amount of the deficiency shall be transferred from the
6 state general fund to the property tax replacement fund, and the auditor
7 of state shall issue a warrant to the treasurer of state ordering the
8 payment of that amount. However, any amount transferred under this
9 section from the general fund to the property tax replacement fund
10 shall, as soon as funds are available in the property tax replacement
11 fund, be retransferred from the property tax replacement fund to the
12 state general fund, and the auditor of state shall issue a warrant to the
13 treasurer of state ordering the replacement of that amount.

14 (e) Except as provided in subsection (i), the department shall not
15 distribute under subsection (b) and section 10 of this chapter the money
16 attributable to the county's property reassessment fund if, by the date
17 the distribution is scheduled to be made, the county auditor has not sent
18 a certified statement required to be sent by that date under
19 IC 6-1.1-17-1 to the department of local government finance.

20 (f) Except as provided in subsection (i), if the elected township
21 assessors in the county, the elected township assessors and the county
22 assessor, or the county assessor has not transmitted to the department
23 of local government finance by October 1 of the year in which the
24 distribution is scheduled to be made the data for all townships in the
25 county required to be transmitted under IC 6-1.1-4-25(b), the state
26 board or the department shall not distribute under subsection (b) and
27 section 10 of this chapter a part of the money attributable to the
28 county's property reassessment fund. The portion not distributed is the
29 amount that bears the same proportion to the total potential distribution
30 as the number of townships in the county for which data was not
31 transmitted by August 1 as described in this section bears to the total
32 number of townships in the county.

33 (g) Money not distributed under subsection (e) shall be distributed
34 to the county when the county auditor sends to the department of local
35 government finance the certified statement required to be sent under
36 IC 6-1.1-17-1 with respect to which the failure to send resulted in the
37 withholding of the distribution under subsection (e).

38 (h) Money not distributed under subsection (f) shall be distributed

to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of a county auditor to send a certified statement as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 43. IC 6-1.1-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of ~~twenty ten percent (20%)~~ (10%) of the tax liability (as defined in this section) of each taxpayer for taxes which under IC 6-1.1-22-9 are due and payable in May and November of that year. The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the state board of tax commissioners. The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy

1 subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E),
 2 2(g)(1)(F), 2(g)(1)(G), (2)(g)(1)(H), 2(g)(1)(I), ~~or~~ 2(g)(1)(J), **or**
 3 **2(g)(1)(K)** of this chapter in computing the total county tax levy.

4 (b) The credit for taxes payable in a particular year with respect to
 5 mobile homes which are assessed under IC 6-1.1-7 is ~~twenty ten~~
 6 percent ~~(20%)~~ **(10%)** of the taxes payable with respect to the
 7 assessments plus the adjustments stated in this section.

8 (c) Each taxpayer in a taxing district that contains all or part of an
 9 economic development district that meets the requirements of section
 10 5.5 of this chapter is entitled to an additional credit for property tax
 11 replacement. This credit is equal to the product of:

12 (1) the STEP TWO quotient determined under section 4(a)(3) of
 13 this chapter for the taxing district; multiplied by

14 (2) the taxpayer's property taxes levied in the taxing district that
 15 are allocated to a special fund under IC 6-1.1-39-5.

16 SECTION 44. IC 6-1.1-21.2 IS ADDED TO THE INDIANA CODE
 17 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2002]:

19 **Chapter 21.2. Tax Increment Replacement**

20 **Sec. 1. This chapter applies to an allocation area in which:**

21 **(1) the holders of obligations received a pledge before January**
 22 **1, 2002, of tax increment revenues to pay any part of the**
 23 **obligations due after December 31, 2002; and**

24 **(2) a change in the determination of the assessed value of**
 25 **tangible personal property resulting from a change in the**
 26 **rules governing the assessment of tangible personal property**
 27 **in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes**
 28 **the governing body to be unable to pay the obligations**
 29 **described in subdivision (1).**

30 **Sec. 2. For purposes of this section, "additional credit" means:**

31 **(1) for allocation areas created under IC 6-1.1-39, the**
 32 **additional credit described in IC 6-1.1-39-6(a);**

33 **(2) for allocation areas created under IC 8-22-3.5, the**
 34 **additional credit described in IC 8-22-3.5-10(a);**

35 **(3) for allocation areas created under IC 36-7-14, the**
 36 **additional credit described in IC 36-7-14-39.5(c);**

37 **(4) for allocation areas created under IC 36-7-14.5, the**
 38 **additional credit described in IC 36-7-14.5-12.5(d)(5);**

(5) for allocation areas created under IC 36-7-15.1:

(A) the additional credit described in IC 36-7-15.1-26.5(e);

or

(B) the credit described in IC 36-7-15.1-35(d); or

(6) for allocation areas created under IC 36-7-30, the additional credit described in IC 36-7-30-25(b)(2)(E).

Sec. 3. As used in this chapter, "allocation area" refers to an area that is established under the authority of any of the following statutes and in which tax increment revenues are collected:

(1) IC 6-1.1-39.

(2) IC 8-22-3.5.

(3) IC 36-7-14.

(4) IC 36-7-14.5.

(5) IC 36-7-15.1.

(6) IC 36-7-30.

Sec. 4. As used in this chapter, "base assessed value" means the base assessed value as the term is defined in:

(1) IC 6-1.1-39-5(h);

(2) IC 8-22-3.5-9(a);

(3) IC 36-7-14-39(a);

(4) IC 36-7-14-39.3(c);

(5) IC 36-7-15.1-26(a);

(6) IC 36-7-15.1-26.2(c);

(7) IC 36-7-15.1-35(a);

(8) IC 36-7-15.1-53;

(9) IC 36-7-15.1-55(c);

(10) IC 36-7-30-25(a)(2); or

(11) IC 36-7-30-26(c).

Sec. 5. As used in this chapter, "department" refers to the department of local government finance.

Sec. 6. As used in this chapter, "governing body" means the following:

(1) For an allocation area created under IC 6-1.1-39, the fiscal body of the county (as defined in IC 36-1-2-6).

(2) For an allocation area created under IC 8-22-3.5, the commission (as defined in IC 8-22-3.5-2).

(3) For an allocation area created under IC 36-7-14, the redevelopment commission of the unit.

(4) For an allocation area created under IC 36-7-14.5, the authority created by the unit.

(5) For an allocation area created under IC 36-7-15.1, the metropolitan development commission of the consolidated city.

(6) For an allocation area created under IC 36-7-30, the military base reuse authority.

Sec. 7. As used in this chapter, "obligation" means an obligation to pay:

(1) the principal and interest on loans or bonds;

(2) lease rentals on leases; or

(3) any other contractual obligation;

payable from tax increment revenues. The term includes a guarantee of payment from tax increment revenues if other revenues are insufficient to make a payment.

Sec. 8. As used in this chapter, "property taxes" means:

(1) property taxes, as defined in:

(A) IC 6-1.1-39-5(g);

(B) IC 36-7-14-39(a);

(C) IC 36-7-14-39.3(c);

(D) IC 36-7-15.1-26(a);

(E) IC 36-7-15.1-26.2(c);

(F) IC 36-7-15.1-53(a);

(G) IC 36-7-15.1-55(c);

(H) IC 36-7-30-25(a)(3); or

(I) IC 36-7-30-26(c); or

(2) for allocation areas created under IC 8-22-3.5, the taxes assessed on taxable tangible property in the allocation area.

Sec. 9. (a) The governing body may impose a special tax in a year to pay amounts due on obligations of the governing body in the immediately succeeding year. The governing body may levy the special tax on all property in the taxing district or taxing districts in which the allocation area is located. The special tax shall be certified before September 2 of each year to the fiscal officer of the taxing unit that designated the allocation area. The special tax shall be estimated and entered upon the tax duplicates by the county auditor and shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated,

1 entered, collected, and enforced.

2 (b) As the special tax is collected by the county treasurer, it shall
3 be transferred to the governing body that imposed the special tax
4 and accumulated and kept in the special fund for the allocation
5 area and applied only for the purposes of this chapter.

6 (c) The governing body shall determine the special tax levy for
7 a year in the amount of the lesser of:

8 (1) the total payments due on the obligations of the governing
9 body in the year minus the amounts the governing body
10 estimates will be legally available to the governing body in the
11 year to make the payments; and

12 (2) except as provided in subsection (d), the amount that will
13 result from the imposition of a rate for the special tax levy
14 that the county auditor estimates will cause the total tax rate
15 in the taxing district in which the allocation area is located to
16 be one hundred ten percent (110%) of the rate that would
17 apply if the rate for the special tax levy were not imposed for
18 the year.

19 (d) If the allocation area is located in more than one (1) taxing
20 district, the special tax levy amount determined under subsection
21 (c)(2) shall be based on the taxing district that will, without
22 consideration of the rate for the special tax levy, have the highest
23 tax rate in the year in which the special tax levy is payable.

24 (e) In estimating the amount legally available under subsection
25 (c)(1), the governing body shall not consider the remedies referred
26 to in section 10(b)(6) of this chapter.

27 **Sec. 10. (a)** Before October 2 in a year, a governing body that
28 has:

29 (1) imposed a special tax levy under section 9 of this chapter
30 payable in the immediately succeeding year to raise revenue
31 to pay amounts due on obligations of the governing body in
32 the immediately succeeding year; and

33 (2) investigated its ability to employ all remedies available
34 under the agreements establishing obligations of the
35 governing body to provide sufficient funds to pay amounts
36 due on the obligations in the immediately succeeding year,
37 including guarantees by a unit to apply revenues received
38 under IC 6-3.5 or other sources toward the payment of the

1 obligations;
2 may appeal to the department for emergency relief under this
3 chapter to provide sufficient additional funds to pay amounts due
4 on the obligations in the immediately succeeding year.

5 (b) In the petition under this section, the governing body must
6 state sufficient facts to demonstrate the following:

7 (1) The petitioner is a governing body.

8 (2) The petitioner established an allocation area before
9 January 1, 2002.

10 (3) The holders of obligations payable from tax increment
11 revenues from the allocation area received a pledge before
12 January 1, 2002, of tax increment revenues to pay any part of
13 the obligations due after December 31, 2002.

14 (4) A change in the determination of the assessed value of
15 tangible personal property resulting from a change in the
16 rules governing the assessment of tangible personal property
17 in effect on January 1, 2001 (50 IAC 5.1; 50 IAC 4.2) causes
18 the governing body to be unable to pay amounts due on the
19 obligations of the governing body in the immediately
20 succeeding year.

21 (5) The governing body has imposed a special tax under
22 section 9 of this chapter to pay amounts due on obligations of
23 the governing body in the immediately succeeding year.

24 (6) The governing body has investigated its ability to employ
25 all remedies available under the agreements establishing the
26 obligations of the governing body to provide sufficient funds
27 to pay amounts due on the obligations in the immediately
28 succeeding year, including guarantees by a unit to apply
29 revenues received under IC 6-3.5 or other sources toward the
30 payment of the obligations.

31 (7) The governing body has investigated the availability of all
32 funds legally available to the governing body for the payment
33 of amounts due on the obligations of the governing body in the
34 immediately succeeding year, including funds derived from
35 the denial of all or a part of an additional credit to taxpayers
36 in the allocation area.

37 (8) The governing body has reasonably determined that
38 refinancing one (1) or more of the obligations of the governing

body is not an economically feasible means of providing sufficient funds to pay amounts due on the obligations in the immediately succeeding year.

(9) The governing body has made reasonable efforts to limit its use of the special fund for the allocation area to appropriations for payments of amounts due on obligations of the governing body.

(10) The balance in the special fund for the allocation area in the immediately succeeding year will be insufficient to pay amounts due on the obligations of the governing body in that year.

(11) A property tax payer located in any part in the allocation area was not the original purchaser and does not own any of the obligations of the governing body or rights to payment of any of the obligations.

(12) The governing body is unable to provide sufficient funds to pay amounts due on the obligations of the governing body in the immediately succeeding year.

(13) A copy of the petition has been served on the executive of each taxing unit in which any part of the allocation area is located.

(14) The governing body at the time of issuance of the obligations:

(A) reasonably estimated that the revenue legally available to pay the obligations would be adequate to pay the obligations over the term of the obligations; and

(B) pledged as additional security for the payment of the obligations a reasonable amount of coverage of revenue legally available in excess of the amount necessary to pay the obligations.

(15) The number of subsequent years the governing body estimates it will appeal under this section.

Sec. 11. The department shall conduct a hearing on the petition in the county where the allocation area is located. At the hearing, the petitioner and any other person may submit any information relevant to the determination of the issues raised in the petition.

Sec. 12. (a) If, after the hearing and upon consideration of all of the factors referred to in section 10(b) of this chapter, the

department determines that the requirements of this chapter have been met, the department may order any of the emergency relief described in section 13 of this chapter for the immediately succeeding year.

(b) The amount of emergency relief ordered under this section may not exceed:

(1) the amount the governing body is obligated to pay on obligations in the immediately succeeding year; minus

(2) the amount of the special tax levy under section 9 of this chapter payable in the immediately succeeding year.

Sec. 13. The department may grant any of the following relief:

(1) Adjust the base assessed value in the allocation area.

(2) Reallocate amounts set aside for property tax credits described in IC 6-1.1-21.1-1 for property located in the allocation area to be used to pay obligations of the governing body.

(3) Order distributions from the tax relief fund established under IC 4-10-20-9.

SECTION 45. IC 6-1.1-21.5-5, AS AMENDED BY P.L.291-2001, SECTION 209, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made.

(b) The loan shall be repaid ~~only~~ from:

(1) property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19; or

(2) state tuition support distributions.

The payment of any installment of principal constitutes a first charge against such property tax revenues as collected by the qualified taxing unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 8. IC 6-1.1-21.8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 21.8. Rainy Day Fund Loans to Qualified Taxing Units

Sec. 1. As used in this chapter, "board" refers to the state board of finance.

Sec. 2. As used in this chapter, "qualified taxing unit" means a taxing unit located in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000).

Sec. 3. Before January 1, 2003, a qualified taxing unit may apply to the board for a loan from the counter-cyclical revenue and economic stabilization fund. The board may make a loan from the fund to the taxing unit if:

- (1) a taxpayer having tangible property subject to taxation by the qualified taxing unit has filed a petition to reorganize under the federal bankruptcy code;**
- (2) the taxpayer has defaulted on one (1) of its property tax payments;**
- (3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and**
- (4) the taxpayer is a steel manufacturer.**

Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this chapter is the amount of the taxpayer's property taxes due and payable in November 2001 that attributable to the qualified taxing unit, as determined by the department of local government finance.

Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, the interest charged on the loan may not exceed the percent of increase in the United States Department of Labor Consumer Price Index during the twelve (12) months preceding the date that the unit applies for a loan under this chapter. The loan must be repaid not later than five (5) years after

1 the date on which the loan was made. The total amount of all the
 2 loans made under this chapter may not exceed ten million three
 3 hundred thousand dollars (\$10,300,000).

4 (b) A loan made under this chapter shall be repaid only from
 5 property tax revenues of the qualified taxing unit that are subject
 6 to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The
 7 payment of any installment of principal constitutes a first charge
 8 against the property tax revenues collected by the qualified taxing
 9 unit during the calendar year in which the installment is due and
 10 payable.

11 (c) The obligation to repay a loan made under this chapter is not
 12 a basis for the qualified taxing unit to obtain an excessive tax levy
 13 under IC 6-1.1-18.5 or IC 6-1.1-19.

14 (d) Whenever the board receives a payment on a loan made
 15 under this chapter, the board shall deposit the amount paid in the
 16 counter-cyclical revenue and economic stabilization fund.

17 (e) This section may not be construed to prevent a qualified
 18 taxing unit from repaying a loan made under this chapter before
 19 the date specified in subsection (a) if a taxpayer described in
 20 section 3 of this chapter resumes paying property taxes to the
 21 qualified taxing unit.

22 Sec. 6. (a) As used in this section, "delinquent tax" means any
 23 tax:

24 (1) owed by a taxpayer in a bankruptcy proceeding initially
 25 filed in 2001; and

26 (2) not paid during the calendar year for which it was first
 27 due and payable.

28 (b) The receipt by a qualified taxing unit of the proceeds of a
 29 loan made under this chapter is not considered to be part of the ad
 30 valorem property tax levy actually collected by the qualified taxing
 31 unit for taxes first due and payable during a particular calendar
 32 year for the purpose of calculating the levy excess under
 33 IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified
 34 taxing unit of any payment of delinquent tax owed by a taxpayer
 35 in bankruptcy is considered to be part of the ad valorem property
 36 tax levy actually collected by the qualified taxing unit for taxes first
 37 due and payable during a particular calendar year for the purpose
 38 of calculating the levy excess under IC 6-1.1-18.5-17 and

1 **IC 6-1.1-19-1.7.**

2 (c) The proceeds of a loan made under this chapter and any
3 payment of delinquent tax may be expended by a qualified taxing
4 unit only to pay debts of the qualified taxing unit that have been
5 incurred under duly adopted appropriations approved by the
6 department of local government finance for operating expenses.

7 (d) If the sum of the receipts of a qualified taxing unit that are
8 attributable to:

9 (1) the proceeds of a loan made under this chapter; and

10 (2) the payment of property taxes owed by a taxpayer in a
11 bankruptcy proceeding and payable in November 2001;
12 exceeds the taxpayer's property tax liability attributable to the
13 qualified taxing unit, the excess as received during any calendar
14 year or years shall be set aside and treated for the calendar year
15 when received as a levy excess subject to IC 6-1.1-18.5-17 or
16 IC 6-1.1-19-1.7. In calculating the payment of property taxes
17 referred to in subdivision (2), the amount of property tax credit
18 finally allowed under IC 6-1.1-21-5 concerning the taxes is
19 considered to be a payment of the property taxes.

20 SECTION 46. IC 6-1.1-26-7 IS ADDED TO THE INDIANA CODE
21 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
22 JANUARY 1, 2004]: **Sec. 7. The county auditor shall report to the**
23 **department of state revenue any refund to a taxpayer made under**
24 **this chapter resulting from a reduction of the amount of an**
25 **assessment of business personal property (as defined in**
26 **IC 6-3.1-24-2).".**

27 Delete pages 9 through 10.

28 Page 11, delete lines 1 through 26.

29 Page 14, between lines 1 and 2 begin a new paragraph and insert:

30 "SECTION 39. IC 6-1.1-39-6 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) An
32 economic development district may be enlarged by the fiscal body by
33 following the same procedure for the creation of an economic
34 development district specified in this chapter. Property taxes that are
35 attributable to the additional area and allocable to the economic
36 development district are not eligible for the property tax replacement
37 credit provided by IC 6-1.1-21-5. However, subject to subsection (c),
38 each taxpayer in an additional area is entitled to an additional credit for

property taxes that under IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~twenty ten~~ percent ~~(20%)~~ **(10%)** of the county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district;

by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an additional area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (a) shall be combined on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the

interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for property taxes first due and payable in any year following the year in which the ordinance is adopted.

(e) An ordinance adopted under subsection (c) remains in effect until the ordinance is rescinded by the body that originally adopted the ordinance. However, an ordinance may not be rescinded if the rescission would adversely affect the interests of the holders of bonds or other obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that the principal of or interest on the bonds or other obligations would not be paid when due. If an ordinance is rescinded and no other ordinance is adopted, the additional credit described in subsection (a) applies to property taxes first due and payable in each year following the year in which the resolution is rescinded.

SECTION 47. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 44. Miscellaneous Tax Allocation

Sec. 1. As used in this chapter, "miscellaneous tax" means the following:

- (1) **Financial institutions tax (IC 6-5.5-8-2).**
- (2) **Motor vehicle excise tax (IC 6-6-5-10).**
- (3) **Commercial vehicle excise tax (IC 6-6-5.5-20).**
- (4) **Aircraft excise tax (IC 6-6-6.5-21).**
- (5) **Auto rental excise tax (IC 6-6-9-11).**
- (6) **Boat excise tax (IC 6-6-11-31).**

Sec. 2. The department of local government finance shall compute:

- (1) **a total levy miscellaneous tax allocation for each county and the state; and**
- (2) **the welfare revenues, the human services fund revenues,**

1 and education revenues for each county.

2 **Sec. 3.** The total levy miscellaneous tax allocation is equal to the
3 sum of the following components:

4 (1) A welfare allocation.

5 (2) A human services fund allocation

6 (3) An education allocation.

7 **Sec. 4.** As used in any statute concerning miscellaneous taxes,
8 "welfare revenues" equals the sum of the amounts determined
9 under STEP ONE (A) of section 7 of this chapter for calendar
10 years 1997, 1998, and 1999 divided by three (3).

11 **Sec. 5.** As used in any statute concerning miscellaneous taxes,
12 "human services fund revenues" equals the sum of the amounts
13 determined under STEP ONE (A) of section 8 of this chapter for
14 calendar years 2001, 2002, and 2003 divided by three (3).

15 **Sec. 6.** As used in any statute concerning miscellaneous taxes
16 "education revenues" equals the sum of the amounts determined
17 under STEP ONE (A) of section 9 of this chapter for calendar
18 years 2001, 2002, and 2003 divided by three (3).

19 **Sec. 7.** For each miscellaneous tax, the welfare allocation for a
20 county is equal to the result determined under STEP SIX of the
21 following formula:

22 **STEP ONE:** Using data about appropriations for calendar
23 years 1997, 1998, and 1999, determine the result of:

24 (A) the amounts appropriated by the county in the year for
25 the county's county welfare fund and county
26 administration fund; divided by

27 (B) the amounts appropriated by all the taxing units in the
28 county for the year.

29 **STEP TWO:** Determine the sum of the results determined
30 under STEP ONE.

31 **STEP THREE:** Divide the STEP TWO result by three (3).

32 **STEP FOUR:** Determine the amount of the miscellaneous tax
33 that would otherwise be distributed to all taxing units in the
34 county under the law establishing the miscellaneous tax
35 without regard to this section.

36 **STEP FIVE:** Determine the result of:

37 (A) the STEP FOUR amount; multiplied by

38 (B) the STEP THREE result.

STEP SIX: Determine the greater of:

- (A) zero (0); or**
- (B) the STEP FIVE amount.**

Sec. 8. For each miscellaneous tax, the human services allocation for a county is equal to the result determined under STEP SIX of the following formula:

STEP ONE: Using data about ad valorem property tax levies for calendar years 2001, 2002, and 2003, determine the result:

(A) of:

(i) fifty percent (50%) the amount levied by the county for ad valorem property taxes in the year for the county's family and children's fund (IC 12-19-7-3) and the amount of any loans or bonds issued to pay obligations of the fund in the year;

(ii) the amount levied by the county for ad valorem property taxes in the year for the county contributions to the medical assistance to wards program under IC 12-13-8 (repealed);

(iii) the amount levied by the county for ad valorem property taxes in the year for the county contribution to the children with special health care needs program under IC 16-35-3 (repealed); and

(iv) ninety percent (90%) of the amount levied by the county for ad valorem property taxes in the year for the county contribution to the hospital care for the indigent program under IC 12-16-14 (repealed); divided by

(B) the amounts levied by all the taxing units in the county for ad valorem property taxes for the year plus the amount of any loans or bonds issued to pay obligations of the family and children's fund in the year.

STEP TWO: Determine the sum of the results determined under STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.

STEP FIVE: Determine the result of:

- 1 (A) the STEP FOUR amount; multiplied by
- 2 (B) the STEP THREE result.

3 **STEP SIX: Determine the greater of:**

- 4 (A) zero (0); or
- 5 (B) the STEP FIVE amount.

6 **Sec. 9. For each miscellaneous tax, the education allocation for**
 7 **a county is equal to the result determined under STEP SIX of the**
 8 **following formula:**

9 **STEP ONE: Using data about ad valorem property tax levies**
 10 **for calendar years 2001, 2002, and 2003, determine the result**
 11 **of:**

- 12 (A) fifty percent (50%) of the part of the tuition support
- 13 levy (as defined in IC 21-3-1.7-5) levied in the county for
- 14 each school corporation that is at least partially located in
- 15 the county; divided by
- 16 (B) the amounts levied for ad valorem property taxes by all
- 17 the taxing units in the county for the year.

18 **STEP TWO: Determine the sum of the results determined**
 19 **under STEP ONE.**

20 **STEP THREE: Divide the STEP TWO result by three (3).**

21 **STEP FOUR: Determine the amount of the miscellaneous tax**
 22 **that would otherwise be distributed to all taxing units in the**
 23 **county under the law establishing the miscellaneous tax**
 24 **without regard to this section.**

25 **STEP FIVE: Determine the result of:**

- 26 (A) the STEP FOUR amount; multiplied by
- 27 (B) the STEP THREE result.

28 **STEP SIX: Determine the greater of:**

- 29 (A) zero (0); or
- 30 (B) the STEP FIVE amount.

31 **Sec. 10. The total levy miscellaneous tax allocation, the welfare**
 32 **revenue determinations, the human service fund revenue**
 33 **determinations, and the education revenue determinations shall be**
 34 **used, as provided in each law establishing a miscellaneous tax, to**
 35 **determine the amount of tax proceeds to be distributed to the state**
 36 **and to each county.**

37 **Sec. 11. The department of local government finance shall**
 38 **annually certify the amount of:**

- 1 **(1) each county's total levy miscellaneous tax allocation; and**
 2 **(2) the amount of each component of each county's total levy**
 3 **miscellaneous tax allocation to the county auditor.**

4 SECTION 48. IC 6-2.1-1-0.7 IS ADDED TO THE INDIANA
 5 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 6 [EFFECTIVE JANUARY 1, 2004]: **Sec. 0.7. This article applies only**
 7 **to a taxpayer that is a public utility company.**

8 SECTION 49. IC 6-2.1-1-2 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as
 10 expressly provided in this article, "gross income" means all the gross
 11 receipts a taxpayer receives:

- 12 (1) from trades, businesses, or commerce;
 13 (2) as admission fees or charges;
 14 (3) from the sale, transfer, or exchange of property, real or
 15 personal, tangible or intangible;
 16 (4) from the performance of contracts;
 17 (5) as prizes or premiums;
 18 (6) from insurance policies;
 19 (7) as damages or judgments;
 20 (8) from the investment of capital, including interest, discounts,
 21 rentals, royalties, dividends, fees, and commissions;
 22 (9) from the surrender, sale, transfer, exchange, redemption of, or
 23 distribution upon, stock of corporations or associations; and
 24 (10) from any other source not specifically described in this
 25 subsection.

26 (b) Except as provided in IC 6-2.1-4, no deductions from a
 27 taxpayer's gross income may be taken for return of capital invested,
 28 cost of property sold, cost of materials used, labor costs, interest,
 29 discounts, commissions paid or credited, losses, or any other expense
 30 paid or credited.

31 (c) The term "gross income" does not include:

- 32 (1) the receipt or repayment of borrowed money;
 33 (2) receipts from the issuance or redemption of bonds;
 34 (3) amounts received as payment of the principal amount of a note
 35 taken in lieu of cash if:
 36 (A) the face value of the note was included in the taxpayer's
 37 gross income at the time of acceptance;
 38 (B) the note was taken before May 1, 1933; or

- 1 (C) the note is a renewal of a note that was taken before May
- 2 1, 1933;
- 3 (4) amounts received in payment of, or from the sale of, a
- 4 promissory note or retail installment contract described in
- 5 subsection (f) of this section to the extent the gross income tax
- 6 has previously been paid for the receipt of the promissory note or
- 7 retail installment contract;
- 8 (5) amounts received as withdrawal of deposits to the extent they
- 9 constitute principal;
- 10 (6) gross receipts received by corporations incorporated under the
- 11 laws of Indiana from a trade or business situated and regularly
- 12 carried on at a legal situs outside Indiana or from activities
- 13 incident to such trade or business (including the disposal of
- 14 capital assets or other properties which were acquired and used in
- 15 such trade or business);
- 16 ~~(7) that part of a commission received by a real estate broker that~~
- 17 ~~is paid within five (5) days of the receipt of the commission to a~~
- 18 ~~cooperating broker or to an associated broker or salesman;~~
- 19 ~~(8) (7) amounts received by a corporation or a division of a~~
- 20 ~~corporation owned, operated, or controlled by its member electric~~
- 21 ~~cooperatives as payment from the electric cooperatives for~~
- 22 ~~electrical energy to be resold to their member-owner consumers;~~
- 23 ~~(9) amounts received by an association of members or a~~
- 24 ~~corporation as:~~
- 25 (A) regularly paid dues, initiation fees, or membership fees
- 26 paid for social membership; and
- 27 (B) amounts paid to the organization by members if:
- 28 (i) the organization is organized not for profit;
- 29 (ii) such amounts are payable upon the death of a member
- 30 and do not exceed one dollar (\$1) payable by each surviving
- 31 member at the death of any one (1) member;
- 32 (iii) the number of members who are permitted to make such
- 33 payments does not exceed one thousand seven hundred
- 34 (1,700) at any one (1) time;
- 35 (iv) the total amount paid to the beneficiary of any one (1)
- 36 deceased member does not exceed one thousand dollars
- 37 (\$1,000); and
- 38 (v) the amounts received are only for the purpose of paying

1 reasonable expenses of the organization and payments to
 2 beneficiaries of deceased members;
 3 ~~(10)~~ (8) amounts received as the corpus of an outright gift, devise,
 4 or bequest;
 5 ~~(11)~~ (9) cash discounts allowed and taken on sales;
 6 ~~(12)~~ (10) goods, wares, or merchandise, or the value thereof,
 7 returned by customers if the sale price is refunded either in cash
 8 or by credit;
 9 ~~(13)~~ (11) judgments for income that are not taxable under this
 10 article;
 11 ~~(14)~~ (12) the receipt of capital by a corporation, partnership, firm,
 12 or joint venture from the sale of stock or shares in such
 13 corporation, partnership, firm, or joint venture, or contributions
 14 to the capital thereof;
 15 ~~(15)~~ (13) the gross receipts represented by the value of real or
 16 tangible personal property received in reciprocal exchange for
 17 real or tangible personal property of like kind by and between the
 18 owners of the property to the extent of the value of the property or
 19 the interest therein of which title is surrendered;
 20 ~~(16)~~ (14) the gross receipts represented by the value of stock of a
 21 corporation or association received in a reciprocal exchange by
 22 and between the owners of the stock (including the issuing
 23 corporation or association) for stock in the same corporation or
 24 association to the extent of the value of the stock or the interest
 25 therein of which title is surrendered;
 26 ~~(17)~~ (15) the gross receipts represented by the value of bonds or
 27 similar securities issued by a corporation or association received
 28 in a reciprocal exchange by and between the owners of the bonds
 29 or securities (including the issuing corporation or association) for
 30 bonds or similar securities issued by the same corporation or
 31 association to the extent of the value of such bonds or similar
 32 securities or the interest therein of which title is surrendered;
 33 ~~(18)~~ (16) the gross receipts represented by the value of stocks,
 34 bonds, or other securities received in a reciprocal exchange by
 35 and between the owners of the stocks, bonds, or other securities
 36 for other stocks, bonds, or other securities to the extent title is
 37 surrendered, if the exchange is made in the course of a
 38 consolidation, merger, or other reorganization and the stock,

- 1 bonds, or other securities received are issued by one (1) or more
 2 corporations or associations that are each a party to the
 3 reorganization;
- 4 ~~(19)~~ (17) the gross receipts represented by the value of stocks,
 5 bonds, or other securities received in a reciprocal exchange by
 6 and between the owners thereof of substantially all of the assets
 7 of another corporation if the exchange is made in the course of a
 8 consolidation, merger, or other reorganization and the stocks,
 9 bonds, or other securities received are issued by one (1) or more
 10 corporations or associations that are each a party to the
 11 reorganization; **and**
- 12 ~~(20) in the case of insurance carriers, amounts that become or are~~
 13 ~~used to maintain a reserve or other policy liability, to the extent~~
 14 ~~the reserve or other policy liability is required to be maintained by~~
 15 ~~the state of Indiana;~~
- 16 ~~(21) in the case of domestic insurance carriers, premium income~~
 17 ~~that is derived from business conducted outside Indiana on which~~
 18 ~~the domestic carrier pays a premium tax of one percent (1%) or~~
 19 ~~more; and~~
- 20 ~~(22)~~ (18) amounts received by a joint agency established under
 21 IC 8-1-2.2 that constitutes a payment by a municipality that is a
 22 member of the joint agency for electrical energy that will be sold
 23 by the municipality to retail customers.
- 24 (d) The exclusion provided by clause (6) of subsection (c) does not
 25 apply to any receipts of a taxpayer received as interest or dividends,
 26 from sales, other receipts from investments not acquired or disposed of
 27 in connection with the taxpayer's regular business, or to bonuses or
 28 commissions received by any taxpayer.
- 29 (e) The exclusion provided by subsection ~~(c) clause (14)~~ (c)(12)
 30 does not apply to proceeds that are derived from subsequent
 31 transactions in stock of such corporations or organizations or in the
 32 interest or shares of the members of any organization.
- 33 (f) The face amount of a retail installment contract or promissory
 34 note that is derived from the selling, providing, repairing, working with
 35 or on, or servicing of any personal property, or any combination of the
 36 foregoing, is includable in a taxpayer's gross income upon receipt.
 37 However, any part of a retail installment contract or promissory note
 38 that represents insurance premiums or consideration which the retail

1 buyer contracts to pay the retail seller for the privilege of paying the
 2 principal balance in installments over a period of time is includable in
 3 a taxpayer's gross income when received.

4 (g) For purposes of this section:

5 (1) "Exchange" means the transfer of title or ownership by means of
 6 a transaction involving the barter or swap of property acquired prior to
 7 the exchange, by and between the owners of that property, with or
 8 without additional consideration. However, the term "exchange" does
 9 not include:

10 (A) any sale of property even though other property is purchased
 11 with the proceeds of the sale;

12 (B) any barter or swap of property where there are more than two
 13 (2) parties to the transaction; or

14 (C) any transaction where the property exchanged is acquired by
 15 one (1) party to the transaction as a result of negotiation or
 16 arrangement with the other party with the intent of effectuating an
 17 exchange of the property so acquired.

18 (2) "Like kind" means property of the same class and kind and has
 19 no reference to the grade or quality of such property.

20 SECTION 50. IC 6-2.1-1-9.5 IS ADDED TO THE INDIANA
 21 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 22 [EFFECTIVE JANUARY 1, 2004]: **Sec. 9.5. "Public utility**
 23 **company" has the meaning set forth in IC 6-1.1-8-2.**

24 SECTION 51. IC 6-2.1-1-10 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. "Receipts", as
 26 applied to a taxpayer, means the gross income in cash, notes, credits,
 27 or other property that is received by the taxpayer or a third party,
 28 including any limited liability company that is not itself a taxpayer (as
 29 defined in ~~IC 6-2.1-1-16(27))~~, **IC 6-2.1-1-16(22)**), for the taxpayer's
 30 benefit.

31 SECTION 52. IC 6-2.1-1-16 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. "Taxpayer"
 33 means any:

34 (1) assignee;

35 (2) receiver;

36 (3) commissioner;

37 (4) fiduciary;

38 (5) trustee;

- 1 (6) institution;
- 2 (7) national bank;
- 3 (8) bank;
- 4 (9) consignee;
- 5 (10) firm;
- 6 (11) partnership;
- 7 (12) joint venture;
- 8 (13) pool;
- 9 (14) syndicate;
- 10 (15) bureau;
- 11 (16) association;
- 12 (17) cooperative association;
- 13 ~~(18) society;~~
- 14 ~~(19) club;~~
- 15 ~~(20) fraternity;~~
- 16 ~~(21) sorority;~~
- 17 ~~(22) lodge;~~
- 18 ~~(23)~~ (18) corporation;
- 19 ~~(24)~~ (19) municipal corporation;
- 20 ~~(25)~~ (20) political subdivision of the state of Indiana or the state
- 21 of Indiana, to the extent engaged in private or proprietary
- 22 activities or business;
- 23 ~~(26)~~ (21) trust;
- 24 ~~(27)~~ (22) limited liability company (other than a limited liability
- 25 company that has a single member and is disregarded as an entity
- 26 for federal income tax purposes); or
- 27 ~~(28)~~ (23) other group or combination acting as a unit;

28 **that is a public utility company.**

29 SECTION 53. IC 6-2.1-2-2 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) An income
 31 tax, known as the gross income tax, is imposed upon the receipt of:

- 32 (1) the entire taxable gross income of a taxpayer who is a resident
- 33 or a domiciliary of Indiana; and
- 34 (2) the taxable gross income derived from activities or businesses
- 35 or any other sources within Indiana by a taxpayer who is not a
- 36 resident or a domiciliary of Indiana.

37 (b) The receipt of taxable gross income is subject to the applicable
 38 rate of tax fixed under section 3 of this chapter. ~~The rate of tax is~~

determined by the type of transaction from which the taxable gross income is received.

SECTION 54. IC 6-2.1-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) The receipt of gross income from transactions described in section 4 of this chapter is subject to a tax rate of three-tenths of one percent (0.3%).~~

~~(b)~~ The receipt of gross income from transactions described in section 5 of this chapter is subject to a tax rate of one and two-tenths percent (1.2%).

SECTION 55. IC 6-2.1-8-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) A county recorder may not record or accept for recording any deed or other instrument of conveyance which transfers any interest in real estate **of a public utility company**, unless:

(1) the county treasurer has stamped the deed or other instrument, as required by section 5 of this chapter; or

(2) an affidavit, signed by the seller or grantor, which certifies that no gross income tax is due on the transfer of the interest in the real estate, accompanies the deed or other instrument of conveyance.

(b) When a county recorder accepts an affidavit described in subsection (a), he shall tax and collect the recording fee prescribed in IC 36-2-7-10.

(c) The failure of any deed or other instrument of conveyance to be:

(1) accompanied by an affidavit described in subsection (a); or

(2) stamped in compliance with section 5 of this chapter;

does not affect the validity of the notice given by the recording of such deed or instrument.

SECTION 56. IC 6-2.1-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) **This section applies only to a proceeding involving a public utility company.**

(b) No court may allow or approve any final report or account of a receiver, trustee in dissolution, trustee in bankruptcy, commissioner appointed for the sale of real estate, or any other officer acting under the authority and supervision of a court, unless the account or final report shows, and the court finds, that all gross income tax due has been paid, and that all gross income tax which may become due is

1 secured by bond, deposit, or otherwise.

2 ~~(b)~~ **(c)** A fiduciary described in subsection **(b) in a proceeding**
 3 **described in subsection** (a) shall provide proof to a court that all gross
 4 income tax has been paid, and that any required security has been
 5 provided. The fiduciary shall request the department to issue a
 6 certificate of clearance certifying that all gross income tax which is due
 7 and payable has been paid and that any required security has been
 8 provided. The certificate shall be issued by the department within thirty
 9 (30) days after request. When issued, the certificate is conclusive proof
 10 that no gross income tax is due and that any required security has been
 11 provided.

12 ~~(c)~~ **(d)** If the department fails to issue a certificate of clearance
 13 under subsection ~~(b)~~ **(c)** within thirty (30) days after request, a
 14 fiduciary may provide evidence to a court which demonstrates that no
 15 gross income tax is due and that any required security has been
 16 provided. Upon approval by the court, such evidence is conclusive
 17 proof of payment of the tax imposed by this article.

18 ~~(d)~~ **(e)** Any gross income tax liability owed by a fiduciary is a
 19 preferred claim and has priority over all other claims except claims for
 20 judicial costs and costs of administration.

21 SECTION 57. IC 6-2.2 IS ADDED TO THE INDIANA CODE AS
 22 A **NEW** ARTICLE TO READ AS FOLLOWS [EFFECTIVE
 23 JANUARY 1, 2004]:

24 **ARTICLE 2.2. BUSINESS FRANCHISE TAX**

25 **Chapter 1. Application**

26 **Sec. 1. Except as provided in IC 6-2.2-3 (exempt entities), this**
 27 **article applies to all business entities doing business in Indiana in**
 28 **a taxable year.**

29 **Sec. 2. The entities to which this article applies include the**
 30 **following:**

- 31 **(1) Corporations.**
- 32 **(2) S corporations (as defined in Section 1361 of the Internal**
- 33 **Revenue Code).**
- 34 **(3) Partnerships.**
- 35 **(4) Limited partnerships.**
- 36 **(5) Limited liability partnerships.**
- 37 **(6) Limited liability companies.**
- 38 **(7) Business trusts (as defined in IC 23-5-1-2).**

1 **Sec. 3.** For purposes of this article, each business entity is
 2 treated as a separate entity regardless of the extent to which the
 3 business entity is owned or controlled by another business entity or
 4 whether the business entity is taxed for federal income tax
 5 purposes.

6 **Sec. 4.** A business entity shall not be treated as doing business in
 7 Indiana solely because it has an ownership interest in an entity
 8 described in section 2 of this chapter that is doing business in
 9 Indiana.

10 **Chapter 2. Definitions**

11 **Sec. 1.** The definitions in this chapter apply throughout this
 12 article.

13 **Sec. 2.** "Adjusted gross income" has the meaning set forth in
 14 IC 6-3-1-3.5.

15 **Sec. 3.** "Adjusted net worth" means the net worth of a business
 16 entity remaining after subtracting exemptions allowed under
 17 IC 6-2.2-5 and any deductions allowed under IC 6-2.2-6.

18 **Sec. 4.** "Business entity" means any legal entity, regardless of
 19 form or place of formation, that engages in doing business in
 20 Indiana in a taxable year.

21 **Sec. 5.** "Department" refers to the department of state revenue.

22 **Sec. 6.** "Doing business" means owning, renting, or operating
 23 business or income producing property or engaging in other
 24 business or income producing activity.

25 **Sec. 7.** "Exempt entity" refers to an entity described in
 26 IC 6-2.2-3.

27 **Sec. 8.** "Net worth" refers to the net worth of a business entity
 28 as determined under IC 6-2.2-5.

29 **Sec. 9.** "Taxable adjusted gross income" refers to taxable
 30 adjusted gross income determined under IC 6-2.2-8.

31 **Sec. 9.** "Taxable net worth" means the adjusted net worth of a
 32 business entity that is attributed to Indiana under IC 6-2.2-7.

33 **Sec. 10.** "Taxable year" means the taxable year of a taxpayer
 34 determined under IC 6-2.2-4.

35 **Sec. 11.** "Taxpayer" means a business entity that is not an
 36 exempt entity.

37 **Chapter 3. Exempt Entities**

38 **Sec. 1.** Notwithstanding any other law, the only exemptions from

1 this article are the exemptions provided by this chapter.

2 Sec. 2. An individual is exempt from this article.

3 Sec. 3. The estate of a deceased individual is exempt from this
4 article.

5 Sec. 4. The following governmental or quasi-governmental
6 entities are exempt from this article:

7 (1) The United States government.

8 (2) The state of Indiana, another state, or an Indian tribe (as
9 defined in IC 34-6-2-66.7).

10 (3) A political subdivision.

11 (4) A body corporate and politic that is an instrumentality of
12 a governmental entity described in subdivisions (1) through
13 (3), including a state educational institution (as defined in
14 IC 20-12-0.5-1).

15 (5) A business entity that is wholly owned by a governmental
16 entity described in subdivisions (1) through (3), including a
17 municipally owned utility (as defined in IC 8-1-2-1).

18 Sec. 5. An organization that is exempt for federal income tax
19 purposes under Section 501(a) of the Internal Revenue Code is
20 exempt from this article, regardless of whether the organization
21 has unrelated business income that is taxable for federal income
22 tax purposes.

23 Sec. 6. A company (as defined in IC 27-1-2-3) is exempt from
24 this article.

25 Sec. 7. The following are exempt from this article:

26 (1) A holding company (as defined in IC 6-5.5-1-17).

27 (2) A regulated financial corporation (as defined in
28 IC 6-5.5-1-17).

29 Sec. 8. A trust (as described in IC 30-4-1-1) other than a
30 business trust (as defined in IC 23-5-1-2) is exempt from this
31 article.

32 Sec. 9. The following political organizations are exempt from
33 this article:

34 (1) A bona fide political party (as defined in IC 3-5-2-5.5).

35 (2) A candidate's committee (as defined in IC 3-5-2-7).

36 (3) A central committee (as defined in IC 3-5-2-8).

37 (4) A regular party committee (as defined in IC 3-5-2-42).

38 (5) A political action committee (as defined in IC 3-5-2-37).

(6) A legislative caucus committee (as defined in IC 3-5-2-27.3).

Sec. 10. A public utility company (as defined in IC 6-1.1-8-2) that is subject to the gross income tax under IC 6-2.1 is exempt from this article.

Chapter 4. Accounting Practices

Sec. 1. A taxpayer's taxable year under this article is the year that a taxpayer uses for its annual financial statements. If a taxpayer does not prepare annual financial statements, the taxpayer's taxable year under this article is a calendar year.

Sec. 2. Subject to this article, if a taxpayer prepares its annual financial statements using generally accepted accounting principles applicable to the United States, or another entity includes the financial results of the taxpayer in consolidated financial statements prepared in accordance with generally accepted accounting principles applicable to the United States, the taxpayer shall compute the taxpayer's taxable net worth and any credits allowed against the business franchise tax using generally accepted accounting principles applicable to the United States. If generally accepted accounting principles allow more than one (1) method of accounting for the net worth of a taxpayer, the taxpayer shall use for purposes of this article the same method of accounting that the taxpayer uses to prepare the taxpayer's annual financial statements.

Sec. 3. If section 2 of this chapter does not apply, the taxpayer shall compute the taxpayer's taxable net worth and any credits using:

- (1) the same method of accounting that the taxpayer uses for filing a return for federal income tax purposes; or
- (2) if the taxpayer does not file a return for federal income tax purposes, a method of accounting consistent with the requirements of Section 446 of the Internal Revenue Code.

Sec. 4. The taxable net worth of a taxpayer for a taxable year is the taxable net worth of the taxpayer on the last day immediately preceding the beginning of the taxpayer's taxable year.

Chapter 5. Net Worth

Sec. 1. The net worth of a taxpayer is the greater of the following:

(1) The difference between the taxpayer's total assets and the taxpayer's total liabilities.

(2) Zero (0).

Sec. 2. Notwithstanding any other law, none of the net worth of a taxpayer is exempt from taxation under this article.

Chapter 6. Deductions

Sec. 1. Notwithstanding any other law, the only deductions allowable against the net worth of a taxpayer are the deductions allowed by this chapter.

Sec. 2. A taxpayer may deduct the book value of the taxpayer's ownership interest that the taxpayer has in another business entity from the net worth of the taxpayer if:

(1) the taxpayer's ownership interest constitutes at least twenty percent (20%) of the total ownership of the business entity; and

(2) the value of the taxpayer's ownership interest in the other business entity would otherwise be included in the net worth of the taxpayer.

A deduction shall be allowed under this section only to the extent that the deduction does not result in a business franchise tax for the taxpayer in a taxable year that is less than two thousand five hundred dollars (\$2,500).

Chapter 7. Apportionment of Net Worth

Sec. 1. The taxable net worth of a taxpayer is equal to the adjusted net worth of the taxpayer multiplied by an apportionment factor.

Sec. 2. The apportionment factor for a taxpayer that is doing business only in Indiana is one (1).

Sec. 3. (a) The apportionment factor for a taxpayer that is doing business both in Indiana and outside Indiana is a fraction.

(b) Subject to this chapter, the numerator of the fraction is the sum of the property factor, payroll factor, and receipts factor determined under this chapter.

(c) Subject to this chapter, the denominator of the fraction is three (3). However, if the taxpayer lacks one (1) of the factors applicable to the numerator, the denominator is two (2), and if the taxpayer lacks more than one (1) of the factors applicable to the numerator, the denominator is one (1).

1 (d) Nonbusiness receipts or property may not be excluded from
2 the numerator or denominator computed under this chapter.

3 Sec. 4. (a) The property factor is a fraction.

4 (b) The numerator of the property factor fraction is the average
5 value of the taxpayer's real and tangible personal property owned
6 or rented and used in Indiana during the immediately preceding
7 taxable year.

8 (c) The denominator of the property factor fraction is the
9 average value of all the taxpayer's real and tangible personal
10 property owned or rented and used during the immediately
11 preceding taxable year.

12 (d) Property owned by the taxpayer is valued at its original cost.

13 (e) Property rented by the taxpayer is valued at eight (8) times
14 the net annual rental rate. Net annual rental rate is the annual
15 rental rate paid by the taxpayer less any annual rental rate
16 received by the taxpayer from subrentals.

17 (f) The average value of property shall be determined by
18 averaging the values at the beginning and end of the taxpayer's
19 immediately preceding taxable year, but the department may
20 require the averaging of monthly values during the immediately
21 preceding taxable year if reasonably required to reflect properly
22 the average value of the taxpayer's property.

23 Sec. 5. (a) The payroll factor is a fraction.

24 (b) The numerator of the payroll fraction is the total amount
25 paid in Indiana during the immediately preceding taxable year by
26 the taxpayer for compensation.

27 (c) The denominator of the payroll fraction is the total
28 compensation paid everywhere during the immediately preceding
29 taxable year.

30 (d) Compensation is paid in Indiana if:

- 31 (1) the individual's service is performed entirely in Indiana;
- 32 (2) the individual's service is performed both in and outside
33 Indiana but the service performed outside Indiana is
34 incidental to the individual's service in Indiana; or
- 35 (3) some of the service is performed in Indiana and:
 - 36 (A) the base of operations or, if there is no base of
 - 37 operations, the place from which the service is directed or
 - 38 controlled is in Indiana; or

1 **(B) the base of operations or the place from which the**
 2 **service is directed or controlled is not in any state in which**
 3 **some part of the service is performed, but the individual is**
 4 **a resident of Indiana.**

5 **Sec. 6. (a) The receipts factor is a fraction.**

6 **(b) The numerator of the receipts factor fraction is the total**
 7 **receipts of the taxpayer in Indiana during the immediately**
 8 **preceding taxable year.**

9 **(c) The denominator of the receipts factor fraction is the total**
 10 **receipts of the taxpayer everywhere during the immediately**
 11 **preceding taxable year.**

12 **Sec. 7. (a) The receipts factor includes receipts from intangible**
 13 **property and receipts from the sale or exchange of intangible**
 14 **property.**

15 **(b) Receipts from intangible personal property are derived from**
 16 **sources in Indiana if the receipts from the intangible personal**
 17 **property are attributable to Indiana under section 8 of this**
 18 **chapter.**

19 **(c) Sales of tangible personal property are in Indiana if:**

20 **(1) the property is delivered or shipped to a purchaser, other**
 21 **than the United States government, in Indiana, regardless of**
 22 **the f.o.b. point or other conditions of the sale; or**

23 **(2) the property is shipped from an office, a store, a**
 24 **warehouse, a factory, or other place of storage in Indiana**
 25 **and:**

26 **(A) the purchaser is the United States government; or**

27 **(B) the taxpayer is not taxable, as determined under**
 28 **section 10 of this chapter, in the state of the purchaser.**

29 **(d) Gross receipts derived from commercial printing that results**
 30 **in printed materials, excluding the business of photocopying, shall**
 31 **be treated as receipts of tangible personal property for purposes of**
 32 **this chapter.**

33 **(e) Receipts other than receipts from intangible property**
 34 **covered by subsection (b) and receipts of tangible personal**
 35 **property are in Indiana if:**

36 **(1) the activity producing the receipts is performed in**
 37 **Indiana; or**

38 **(2) the activity producing the receipts is performed both in**

1 and outside Indiana and a greater proportion of the activity
2 producing the receipts is performed in Indiana than in any
3 other state, based on costs of performance.

4 Sec. 8. (a) Interest and other receipts from assets in the nature
5 of loans or installment receipts contracts that are primarily
6 secured by or deal with real or tangible personal property are
7 attributable to Indiana if the security or sale property is located in
8 Indiana.

9 (b) Interest and other receipts from consumer loans not secured
10 by real or tangible personal property are attributable to Indiana
11 if the loan is made to a resident of Indiana, whether at a place of
12 business, by a traveling loan officer, by mail, by telephone, or by
13 other electronic means.

14 (c) Interest and other receipts from commercial loans and
15 installment obligations not secured by real or tangible personal
16 property are attributable to Indiana if the proceeds of the loan are
17 to be applied in Indiana. If it cannot be determined where the
18 funds are to be applied, the receipts are attributable to the state in
19 which the business applied for the loan. As used in this section,
20 "applied for" means initial inquiry (including customer assistance
21 in preparing the loan application) or submission of a completed
22 loan application, whichever occurs first.

23 (d) Interest, merchant discount, and other receipts including
24 service charges from financial institution credit card and travel
25 and entertainment credit card receivables and credit card holders'
26 fees are attributable to the state to which the card charges and fees
27 are regularly billed.

28 (e) Receipts from the performance of fiduciary and other
29 services are attributable to the state in which the benefits of the
30 services are consumed. If the benefits are consumed in more than
31 one (1) state, the receipts from those benefits are attributable to
32 Indiana on a pro rata basis according to the part of the benefits
33 consumed in Indiana.

34 (f) Receipts from the issuance of traveler's checks, money
35 orders, or United States savings bonds are attributable to the state
36 in which the traveler's checks, money orders, or bonds are
37 purchased.

38 (g) Receipts in the form of dividends from investments are

1 attributable to Indiana if the taxpayer's commercial domicile is in
2 Indiana.

3 Sec. 9. (a) Receipts from rents and royalties from real or
4 tangible personal property, sale of capital assets, interest,
5 dividends, or patent or copyright royalties, to the extent that they
6 constitute nonbusiness income (as defined in IC 6-3-1-21), are
7 attributed as provided in this section.

8 (b) Receipts from net rents and royalties from real property
9 located in Indiana are attributable to Indiana.

10 (c) Receipts from net rents and royalties from tangible personal
11 property are attributed to Indiana:

12 (1) if and to the extent that the property is used in Indiana; or

13 (2) in their entirety if the taxpayer's commercial domicile is in
14 Indiana and the taxpayer is not organized under the laws of
15 or taxable in the state in which the property is used.

16 (d) The extent of use of tangible personal property in a state is
17 determined by multiplying the rents and royalties by a fraction.
18 The numerator of the fraction is the number of days of physical
19 location of the property in the state during the rental or royalty
20 period in the taxable year. The denominator of the fraction is the
21 number of days of physical location of the property everywhere
22 during all rental or royalty periods in the taxable year. If the
23 physical location of the property during the rental or royalty
24 period is unknown or not ascertainable by the taxpayer, tangible
25 personal property is used in the state in which the property was
26 located at the time the rental or royalty payer obtained possession.

27 (e) Receipts from the sales of real property located in Indiana
28 are attributable to Indiana.

29 (f) Receipts from sales of tangible personal property are
30 attributable to Indiana if:

31 (1) the property had a situs in Indiana at the time of the sale;
32 or

33 (2) the taxpayer's commercial domicile is in Indiana and the
34 taxpayer is not taxable in the state in which the property had
35 a situs as determined under section 10 of this chapter.

36 (g) Receipts from intangible personal property are attributable
37 to Indiana if the taxpayer's commercial domicile is in Indiana.

38 (h) Receipts from interest and dividends are attributable to

1 **Indiana if the taxpayer's commercial domicile is in Indiana.**

2 **(i) Patent and copyright royalties are attributable to Indiana:**

3 **(1) if and to the extent that the patent or copyright is used by**
 4 **the taxpayer in Indiana; or**

5 **(2) if and to the extent that the patent or copyright is used by**
 6 **the taxpayer in a state in which the taxpayer is not taxable as**
 7 **determined under section 10 of this chapter and the**
 8 **taxpayer's commercial domicile is in Indiana.**

9 **A patent is used in a state to the extent that it is employed in**
 10 **production, fabrication, manufacturing, or other processing in the**
 11 **state or to the extent that a patented product is produced in the**
 12 **state. If the basis of receipts from patent royalties does not permit**
 13 **allocation to states or if the accounting procedures do not reflect**
 14 **states of use, the patent is used in the state in which the taxpayer's**
 15 **commercial domicile is located. A copyright is used in a state to the**
 16 **extent that printing or other publication originates in the state. If**
 17 **the basis of receipts from copyright royalties does not permit**
 18 **allocation to states or if the accounting procedures do not reflect**
 19 **states of use, the copyright is used in the state in which the**
 20 **taxpayer's commercial domicile is located.**

21 **Sec. 10. For purposes of apportionment of income or receipts**
 22 **under this chapter, a taxpayer is taxable in another state if:**

23 **(1) in that state the taxpayer is subject to a franchise tax**
 24 **measured by net worth, a franchise tax for the privilege of**
 25 **doing business, or a corporate stock tax; or**

26 **(2) that state has jurisdiction to subject the taxpayer to a net**
 27 **worth tax regardless of whether, in fact, the state does or does**
 28 **not.**

29 **Sec. 11. (a) The property factor in the numerator of the**
 30 **apportionment factor for a transportation company is computed**
 31 **as follows:**

32 **(1) Fixed properties such as buildings and land used in**
 33 **business, shop, and terminal equipment and trucks or cars**
 34 **used locally or any other tangible property connected with the**
 35 **transportation business is assigned to the state in which the**
 36 **properties are located.**

37 **(2) The value of all movable equipment used in interstate**
 38 **transportation is assigned to Indiana on the basis of total**

1 miles traveled in Indiana as compared with total miles
2 traveled everywhere.

3 (3) Fixed and movable property is combined to arrive at the
4 total property factor: Indiana property over property
5 everywhere.

6 Property owned by the transportation company is valued at
7 original cost. Property rented is valued at eight (8) times the
8 annual rental rate less any annual subrental.

9 (b) The payroll factor in the numerator of the apportionment
10 factor for a transportation company is computed as follows:

11 (1) Wages and salaries of employees assigned to fixed
12 locations in Indiana are included in the payroll factor of
13 Indiana.

14 (2) Wages of personnel operating interstate transportation
15 equipment are assigned to Indiana on the basis of total miles
16 traveled in Indiana as compared to total miles traveled
17 everywhere.

18 (3) The payroll of permanent and transient personnel is
19 combined to arrive at the total payroll factor: Indiana payroll
20 over payroll everywhere.

21 (c) The receipts factor in the numerator of the apportionment
22 factor for a transportation company is computed as follows:

23 (1) The total revenue dollars from transportation (both
24 intrastate and interstate) are assigned to the states traversed
25 on the basis of class or category mileage in each state in which
26 or through which the freight or passengers move.

27 (2) Pipelines may substitute revenue miles with barrel miles,
28 cubic foot miles, or other appropriate measures of product
29 movement.

30 (3) In order to determine the percentage of revenue from
31 transportation services in Indiana, the fraction of revenue
32 miles in Indiana over revenue miles everywhere must be
33 applied to total revenue from transportation.

34 Chapter 8. Taxable Adjusted Gross Income

35 Sec. 1. For purposes of this article, the taxable adjusted gross
36 income of a taxpayer in a taxable year is equal to the adjusted
37 gross income of the taxpayer for the taxable year as adjusted by
38 this chapter.

1 **Sec. 2.** A taxpayer shall be treated as having taxable adjusted
 2 gross income for a taxable year under this chapter, even if the
 3 taxpayer does not have adjusted gross income tax due under IC 6-3
 4 for that taxable year or the business entity is a pass through entity
 5 that is not obligated to pay adjusted gross income tax under IC 6-3.

6 **Sec. 3. (a)** This section applies to a member of an affiliated
 7 group as determined under IC 6-3-4-14.

8 (b) A taxpayer shall compute taxable adjusted gross income
 9 separately for the business entity as if the taxpayer were not part
 10 of an affiliated group. IC 6-3-4-14 (consolidated returns) does not
 11 apply to this article.

12 **Sec. 4. (a)** This section applies both to business income (as
 13 defined in IC 6-3-1-20) and nonbusiness income (as defined in
 14 IC 6-3-1-21).

15 (b) Only adjusted gross income derived from sources in Indiana,
 16 as determined under IC 6-3-2, shall be treated as adjusted gross
 17 income under this chapter.

18 **Sec. 5.** Notwithstanding any other law, only the deductions
 19 allowed by this chapter may be deducted from adjusted gross
 20 income to determine taxable adjusted gross income under this
 21 chapter.

22 **Chapter 9. Business Franchise Tax**

23 **Sec. 1.** An excise tax is imposed on a taxpayer in each taxable
 24 year in which the taxpayer is doing business in Indiana.

25 **Sec. 2.** The tax imposed under section 1 of this chapter is for the
 26 privilege of doing business in Indiana in a taxable year regardless
 27 of the number of days in a taxable year that the taxpayer is
 28 actually doing business in Indiana.

29 **Sec. 3. If:**

30 (1) the taxable adjusted gross income of a taxpayer in the
 31 immediately preceding taxable year was not greater than zero
 32 (0); and

33 (2) the taxable net worth of the taxpayer is not greater than
 34 one million dollars (\$1,000,000);

35 the tax imposed under this chapter in a taxable year is fifty dollars
 36 (\$50).

37 **Sec. 4. If:**

38 (1) the adjusted gross income of a taxpayer in the immediately

1 preceding taxable year was greater than zero dollars (\$0); and
 2 (2) the taxable net worth of the taxpayer is not greater than
 3 five hundred thousand dollars (\$500,000);
 4 the tax imposed under this chapter in a taxable year is fifty dollars
 5 (\$50).

6 Sec. 5. (a) This section applies if sections 3 and 4 of this chapter
 7 do not apply to the taxpayer and the taxpayer does not take a
 8 deduction under IC 6-2.2-6-2.

9 (b) The tax imposed under section 1 of this chapter is equal to
 10 the result determined under STEP THREE of the following
 11 formula:

12 STEP ONE: Multiply the taxpayer's taxable net worth by
 13 three-thousandths (0.003).

14 STEP TWO: Determine the greater of the following:

15 (A) Fifty dollars (\$50).

16 (B) The STEP ONE result.

17 STEP THREE: Determine the lesser of the following:

18 (A) Two hundred fifty thousand dollars (\$250,000).

19 (B) The STEP TWO result.

20 Sec. 6. (a) This section applies if sections 2 and 3 of this chapter
 21 do not apply to the taxpayer and the taxpayer takes a deduction
 22 under IC 6-2.2-6-2.

23 (b) The tax imposed by section 1 of this chapter is equal to the
 24 result determined under the following formula:

25 STEP ONE: Multiply the taxpayer's taxable net worth,
 26 without any deduction under IC 6-2.2-6-2, by
 27 three-thousandths (0.003).

28 STEP TWO: If the STEP ONE result is not greater than fifty
 29 dollars (\$50), the tax imposed under section 1 of this chapter
 30 is fifty dollars (\$50).

31 STEP THREE: If the STEP ONE result is greater than fifty
 32 dollars (\$50) and not greater than two thousand five hundred
 33 dollars (\$2,500), the tax imposed under section 1 of this
 34 chapter is the STEP ONE result.

35 STEP FOUR: If the STEP ONE result is greater than two
 36 thousand five hundred dollars (\$2,500), multiply the
 37 taxpayer's net worth, after subtracting the deduction under
 38 IC 6-2.2-6-2, by three-thousandths (0.003).

STEP FIVE: If the STEP FOUR result is not greater than two thousand five hundred dollars (\$2,500), the tax imposed under section 1 of this chapter is two thousand five hundred dollars (\$2,500).

STEP SIX: If the STEP FOUR result is greater than two thousand five hundred dollars (\$2,500), the tax imposed under section 1 of this chapter is equal to the lesser of the following:

(A) Two hundred fifty thousand dollars (\$250,000).

(B) The STEP FOUR result.

Chapter 10. Credits

Sec. 1. Notwithstanding any other law, the only credits allowable against the franchise tax due under this article are the credits allowed under this chapter.

Sec. 2. A taxpayer is eligible for a credit against the tax imposed under this article for payments made under:

(1) IC 27-6-8-15;

(2) IC 27-8-8-15;

(3) IC 27-8-10-2.1; or

(4) IC 27-13-18-2;

by a member of an affiliated group (as defined in Section 1504 of the Internal Revenue Code) of which the taxpayer is a member.

Chapter 11. Payment of Taxes; Final Returns

Sec. 1. A taxpayer shall file the return prescribed by the department for each taxable year that the taxpayer is doing business in Indiana regardless of whether the taxpayer has any tax due.

Sec. 2. The return must contain the information that the department may require by rule, including any detailed information that may be necessary to determine the taxpayer's tax liability under this article.

Sec. 3. Subject to IC 6-8.1-6-1, a return for a taxable year must be filed before the sixteenth day of the fourth month of the taxpayer's taxable year.

Sec. 4. Subject to IC 6-8.1-6-1, a taxpayer shall pay the tax imposed under this article for a taxable year before the sixteenth day of the fourth month of the taxpayer's taxable year.

Chapter 12. Administration

Sec. 1. Money collected under this article shall be deposited in

1 the state general fund.

2 Sec. 2. The department may prescribe forms and adopt rules
3 under IC 4-22-2 to carry out this article and collect the tax imposed
4 by this article.

5 Sec. 3. The department may require a taxpayer to provide
6 information concerning any licenses and registrations that the
7 taxpayer has in Indiana.

8 Sec. 4. The department may require a taxpayer to notify the
9 department concerning any change in its method of accounting or
10 taxable year.

11 Sec. 5. The tax imposed under this article is a listed tax.

12 Chapter 13. Penalties

13 Sec. 1. The penalties in IC 6-8.1 apply to this article.

14 Sec. 2. If a taxpayer:

15 (1) fails to:

16 (A) file a notice, an information report, or a return; or

17 (B) pay the amount of the tax due;

18 as required under this article and IC 6-8.1; and

19 (2) within ninety (90) days after receiving written notice of a
20 failure described in subdivision (1), fails to comply with this
21 article and pay any penalty imposed under IC 6-8.1 for failure
22 to comply with this article;

23 the department may suspend the taxpayer's privilege of doing
24 business in Indiana for the remainder of the taxable year in which
25 the failure occurred and for any subsequent taxable year. Notice of
26 the suspension must be given under IC 4-21.5-3-4.

27 Sec. 3. A taxpayer may obtain administrative review of a
28 suspension under section 2 of this chapter under IC 4-21.5-3-7 and
29 judicial review of a final determination of the department under
30 IC 4-21.5-5. Judicial review shall be initiated by filing a petition in
31 the tax court. The tax court has exclusive jurisdiction over the
32 review.

33 Sec. 4. Except during any time that an order suspending a
34 taxpayer's privilege of doing business in Indiana is stayed under
35 IC 4-21.5:

36 (1) a taxpayer whose privilege of doing business in Indiana
37 has been suspended under this chapter is ineligible to enforce
38 any right or power accruing to the taxpayer after the

1 taxpayer receives written notice from the department that the
 2 taxpayer's privilege of doing business in Indiana has been
 3 suspended; and

4 (2) any contract entered into by the taxpayer after the
 5 taxpayer has received written notice that the taxpayer's
 6 privilege of doing business in Indiana has been suspended is
 7 voidable by any other party to the contract.

8 **Sec. 5. If:**

9 (1) the department suspends a taxpayer's privilege of doing
 10 business or a stay of an order suspending the taxpayer's
 11 privilege of doing business in Indiana is terminated; and

12 (2) the department knows that the taxpayer is required by any
 13 law to obtain a license or register with any state agency or
 14 political subdivision to engage in doing business;

15 the department shall notify the state agency or political subdivision
 16 that the taxpayer's privilege of doing business in Indiana has been
 17 suspended. Upon receipt of the notification, the state agency or
 18 political subdivision shall suspend the license or the rights accruing
 19 from registration issued by the state agency or political
 20 subdivision.

21 **Sec. 6. An order suspending the privilege of doing business in**
 22 **Indiana may be rescinded if the taxpayer:**

23 (1) complies with this article; and

24 (2) pays the penalties imposed under IC 6-8.1 for violation of
 25 this article.

26 **Sec. 7. If an order suspending a taxpayer's privilege of doing**
 27 **business in Indiana is rescinded or stayed, the department shall**
 28 **notify each state agency and political subdivision described in**
 29 **section 5 of this chapter of the action. Upon receipt of the notice,**
 30 **each state agency and political subdivision shall reinstate any**
 31 **license or rights accruing from registration if the taxpayer**
 32 **otherwise qualifies for the license or registration and the taxpayer**
 33 **pays any fees imposed to reinstate the license or registration.**

34 **SECTION 58. IC 6-2.5-1-10 IS ADDED TO THE INDIANA CODE**
 35 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**
 36 **1, 2002]: Sec. 10. "Commercial printing" means a process or**
 37 **activity, or both, that is related to the production of printed**
 38 **materials for others, including the following:**

(1) Receiving, processing, moving, storing, and transmitting, either physically or electronically, copy elements and images to be reproduced.

(2) Plate making or cylinder making.

(3) Applying ink by one (1) or more processes, such as printing by letter press, lithography, gravure, screen, or digital means.

(4) Casemaking and binding.

(5) Assembling, packaging, and distributing printed materials.

The term does not include the business of photocopying.

SECTION 59. IC 6-2.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:

STATE GROSS RETAIL TAX	GROSS RETAIL INCOME FROM THE RETAIL UNITARY TRANSACTION		
\$ 0		less than	\$.10
\$.01	at least \$.10;	but less than	\$.30
\$.02	at least \$.30;	but less than	\$.50
\$.03	at least \$.50;	but less than	\$.70
\$.04	at least \$.70;	but less than	\$.90
\$.05	at least \$.90;	but less than	\$1.10
\$ 0		less than	\$0.09
\$ 0.01	at least \$0.09	but less than	\$0.25
\$ 0.02	at least \$ 0.25	but less than	\$0.42
\$ 0.03	at least \$ 0.42	but less than	\$0.59
\$ 0.04	at least \$ 0.59	but less than	\$0.75
\$ 0.05	at least \$ 0.75	but less than	\$0.92
\$ 0.06	at least \$ 0.92	but less than	\$1.09

On a retail unitary transaction in which the gross retail income received by the retail merchant is one dollar and ~~ten~~ **nine** cents (~~\$1.10~~) (**\$1.09**) or more, the state gross retail tax is ~~five~~ **six** percent (~~5%~~) (**6%**) of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent (~~\$.005~~) (**\$0.005**) or more, the amount of the tax shall be

1 rounded to the next additional cent.

2 SECTION 60. IC 6-2.5-5-3 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) For purposes of
4 this section:

5 (1) the retreading of tires shall be treated as the processing of
6 tangible personal property; and

7 (2) commercial printing ~~as described in IC 6-2.1-2-4~~ shall be
8 treated as the production and manufacture of tangible personal
9 property.

10 (b) Transactions involving manufacturing machinery, tools, and
11 equipment are exempt from the state gross retail tax if the person
12 acquiring that property acquires it for direct use in the direct
13 production, manufacture, fabrication, assembly, extraction, mining,
14 processing, refining, or finishing of other tangible personal property.

15 SECTION 61. IC 6-2.5-5-4.5 IS ADDED TO THE INDIANA CODE
16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
17 1, 2003]: **Sec. 4.5. (a) As used in this section, "research and
18 development equipment" means tangible personal property that:**

19 **(1) is installed after June 30, 2003;**

20 **(2) consists of:**

21 **(A) laboratory equipment;**

22 **(B) research and development equipment;**

23 **(C) computers and computer software;**

24 **(D) telecommunications equipment; or**

25 **(E) testing equipment;**

26 **(3) is used in research and development activities devoted
27 directly and exclusively to experimental or laboratory research
28 and development for:**

29 **(A) new products;**

30 **(B) new uses of existing products; or**

31 **(C) improving or testing existing products;**

32 **(4) is acquired by the property owner for purposes described
33 in this subsection; and**

34 **(5) was never before used by the owner for any purpose in
35 Indiana.**

36 **The term does not include equipment installed in facilities used for
37 or in connection with efficiency surveys, management studies,
38 consumer surveys, economic surveys, advertising or promotion, or**

1 research in connection with literacy, history, or similar projects.

2 (b) Transactions that:

3 (1) occur after June 30, 2003;

4 (2) occur before July 1, 2005; and

5 (3) involve research and development equipment;

6 are exempt from the state gross retail tax.

7 SECTION 62. IC 6-2.5-5-5.1 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5.1. (a) As used in this
9 section, "tangible personal property" includes electrical energy, natural
10 or artificial gas, water, steam, and steam heat.

11 (b) Transactions involving tangible personal property are exempt
12 from the state gross retail tax if the person acquiring the property
13 acquires it for direct consumption as a material to be consumed in the
14 direct production of other tangible personal property in the person's
15 business of manufacturing, processing, refining, repairing, mining,
16 agriculture, horticulture, floriculture, or arboriculture. This exemption
17 includes transactions involving acquisitions of tangible personal
18 property used in commercial printing. ~~as described in IC 6-2.1-2-4.~~

19 SECTION 63. IC 6-2.5-5-6 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. Transactions
21 involving tangible personal property are exempt from the state gross
22 retail tax if the person acquiring the property acquires it for
23 incorporation as a material part of other tangible personal property
24 which the purchaser manufactures, assembles, refines, or processes for
25 sale in his business. This exemption includes transactions involving
26 acquisitions of tangible personal property used in commercial printing.
27 ~~as described in IC 6-2.1-2-4.~~

28 SECTION 64. IC 6-2.5-5-21 IS AMENDED TO READ AS
29 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 21. (a) **For purposes**
30 **of this section, "private benefit or gain" does not include**
31 **reasonable compensation paid to an employee for work or services**
32 **actually performed.**

33 (b) Sales of food are exempt from the state gross retail tax, if:

34 (1) the seller ~~is an organization described in IC 6-2.1-3-19,~~
35 ~~IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **meets the filing**
36 **requirements under subsection (d) and is any of the following:**

37 (A) **A fraternity, a sorority, or a student cooperative housing**
38 **organization that is connected with and under the**

supervision of a college, a university, or any other educational institution if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(B) Any:

- (i) institution;
- (ii) trust;
- (iii) group;
- (iv) united fund;
- (v) affiliated agency of a united fund;
- (vi) nonprofit corporation;
- (vii) cemetery association; or
- (viii) organization;

that is organized and operated exclusively for religious, charitable, scientific, literary, educational, or civic purposes if no part of its income is used for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(C) A group, an organization, or a nonprofit corporation that is organized and operated for fraternal or social purposes, or as a business league or association, and not for the private benefit or gain of any member, trustee, shareholder, employee, or associate.

(D) A:

- (i) hospital licensed by the state department of health;
- (ii) shared hospital services organization exempt from federal income taxation by Section 501(c)(3) or 501(e) of the Internal Revenue Code;
- (iii) labor union;
- (iv) church;
- (v) monastery;
- (vi) convent;
- (vii) school that is a part of the Indiana public school system;
- (viii) parochial school regularly maintained by a recognized religious denomination; or
- (ix) trust created for the purpose of paying pensions to members of a particular profession or business who created the trust for the purpose of paying pensions to each

1 **other;**
 2 **if the taxpayer is not organized or operated for private profit**
 3 **or gain;**

4 (2) the purchaser is a person confined to his home because of age,
 5 sickness, or infirmity;

6 (3) the seller delivers the food to the purchaser; and

7 (4) the delivery is prescribed as medically necessary by a physician
 8 licensed to practice medicine in Indiana.

9 ~~(b)~~ (c) Sales of food are exempt from the state gross retail tax, if the
 10 seller is an organization described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20,~~
 11 ~~IC 6-2.1-3-21, or IC 6-2.1-3-22~~ subsection (b)(1), and the purchaser is
 12 a patient in a hospital operated by the seller.

13 **(d) To obtain the exemption provided by this section, a taxpayer**
 14 **must file an application for exemption with the department:**

15 (1) before January 1, 2003, under IC 6-2.1-3-19 (repealed); or

16 (2) not later than one hundred twenty (120) days after the
 17 taxpayer's formation.

18 **In addition, the taxpayer must file an annual report with the**
 19 **department on or before the fifteenth day of the fifth month**
 20 **following the close of each taxable year. If a taxpayer fails to file**
 21 **the report, the department shall notify the taxpayer of the failure.**
 22 **If within sixty (60) days after receiving such notice the taxpayer**
 23 **does not provide the report, the taxpayer's exemption shall be**
 24 **canceled. However, the department may reinstate the taxpayer's**
 25 **exemption if the taxpayer shows by petition that the failure was**
 26 **due to excusable neglect.**

27 SECTION 65. IC 6-2.5-5-22 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 22. (a) Sales of school
 29 meals are exempt from the state gross retail tax, if:

30 (1) the seller is a school containing students in any grade, one (1)
 31 through twelve (12);

32 (2) the purchaser is one (1) of those students or a school employee;
 33 and

34 (3) the school furnishes the food on its premises.

35 (b) Sales of food by not-for-profit colleges or universities are exempt
 36 from the state gross retail tax, if the purchaser is a student at the college
 37 or university.

38 (c) Sales of meals after December 31, 1976, by a fraternity, sorority,

or student cooperative housing organization described in ~~IC 6-2.1-3-19~~
section 21(b)(1)(A) of this chapter are exempt from the state gross
 retail tax, if the purchaser:

(1) is a member of the fraternity, sorority, or student cooperative
 housing organization; and

(2) is enrolled in the college, university, or educational institution
 with which the fraternity, sorority, or student cooperative housing
 organization is connected and by which it is supervised.

SECTION 66. IC 6-2.5-5-24 IS AMENDED TO READ AS
 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 24. (a) Transactions are
 exempt from the state gross retail tax to the extent that the gross retail
 income from those transactions is derived from gross receipts that are:
~~exempt from the gross income tax under IC 6-2.1-3-2, IC 6-2.1-3-3.5,~~
~~IC 6-2.1-3-5, IC 6-2.1-3-6, IC 6-2.1-3-7, or IC 6-2.1-3-13.~~

(1) **derived from sales to the United States government, to the
 extent the state is prohibited by the Constitution of the United
 States from taxing that income;**

(2) **derived from commercial printing that results in printed
 materials, excluding the business of photocopying, that are
 shipped, mailed, or delivered outside Indiana;**

(3) **United States or Indiana taxes received or collected as a
 collecting agent explicitly designated as a collecting agent for
 a tax by statute for the state or the United States;**

(4) **collections by a retail merchant of a retailer's excise tax
 imposed by the United States exempt tax if:**

(A) **the tax is imposed solely on the sale at retail of tangible
 personal property;**

(B) **the tax is remitted to the appropriate taxing authority;
 and**

(C) **the retail merchant collects the tax separately as an
 addition to the price of the property sold;**

(5) **collections of a manufacturer's excise tax imposed by the
 United States on motor vehicles, motor vehicle bodies and
 chassis, parts and accessories for motor vehicles, tires, tubes
 for tires, or tread rubber and laminated tires, if the excise tax
 is separately stated by the collecting taxpayer as either an
 addition to or an inclusion in the price of the property sold; or**
 (6) **amounts represented by an encumbrance of any kind on**

tangible personal property received by a retail merchant in reciprocal exchange for tangible personal property of like kind.

(b) Transactions are exempt from the state gross retail tax to the extent that the gross retail income from those transactions is derived from gross receipts that are: ~~exempt from the gross income tax under IC 6-2.1-3-1 or IC 6-2.1-3-3.~~

(1) interest or other earnings paid on bonds or other securities issued by the United States, to the extent the Constitution of the United States prohibits the taxation of that income; or

(2) derived from business conducted in commerce between the state and either another state or a foreign country, to the extent the state is prohibited from taxing that gross income by the Constitution of the United States.

SECTION 67. IC 6-2.5-5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 25. (a) Transactions involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is an organization ~~which that~~ is ~~granted a gross income tax exemption under IC 6-2.1-3-20; IC 6-2.1-3-21, or IC 6-2.1-3-22;~~
described in section 21(b)(1) of this chapter;

(2) primarily uses the property or service to carry on or to raise money to carry on ~~the its~~ not-for-profit purpose; ~~for which it receives the gross income tax exemption;~~ and

(3) is not an organization operated predominantly for social purposes.

(b) Transactions occurring after December 31, 1976, and involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is a fraternity, sorority, or student cooperative housing organization ~~which that~~ is ~~granted a gross income tax exemption under IC 6-2.1-3-19;~~ **described in section 21(b)(1)(A) of this chapter;** and

(2) uses the property or service to carry on its ordinary and usual activities and operations as a fraternity, sorority, or student cooperative housing organization.

SECTION 68. IC 6-2.5-5-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 26. (a) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which that~~ is ~~granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the organization makes the sale to make money to carry on ~~the~~ a not-for-profit purpose; ~~for which it receives its gross income tax exemption;~~ and

(3) the organization does not make those sales during more than thirty (30) days in a calendar year.

(b) Sales of tangible personal property are exempt from the state gross retail tax, if:

(1) the seller is an organization ~~which is granted a gross income tax exemption under IC 6-2.1-3-19, IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;~~ **described in section 21(b)(1) of this chapter;**

(2) the seller is not operated predominantly for social purposes;

(3) the property sold is designed and intended primarily either for the organization's educational, cultural, or religious purposes, or for improvement of the work skills or professional qualifications of the organization's members; and

(4) the property sold is not designed or intended primarily for use in carrying on a private or proprietary business.

(c) The exemption provided by this section does not apply to an accredited college or university's sales of books, stationery, haberdashery, supplies, or other property.

SECTION 69. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. (a) Each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars (\$1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded

one thousand dollars (\$1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars (\$10); or

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars (\$25).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

(d) If a retail merchant reports the merchant's **adjusted** gross income tax, or the tax the merchant pays in place of the **adjusted** gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection (c). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

(e) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

(1) this section;

(2) IC 6-3-4-8; or

(3) IC 6-3-4-8.1.

(f) If the department determines that a person's:

(1) estimated monthly gross retail and use tax liability for the current year; or

(2) average monthly gross retail and use tax liability for the preceding year;

exceeds ten thousand dollars (\$10,000) the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 70. IC 6-2.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. A retail merchant may, without prior departmental approval, report and pay his state gross retail and use taxes on an accrual basis, if he uses the accrual basis to pay and report the **adjusted** gross income tax or the tax imposed on him in place of the **adjusted** gross income tax. The department may, at any time, require the retail merchant to stop using the accrual basis.

SECTION 71. IC 6-2.5-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

(1) ~~five~~ **six** percent (~~5%~~); (**6%**); multiplied by

(2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 72. IC 6-2.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which he must remit under section 7 of this chapter, a retail merchant may exclude from his gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

(1) the amount of that gross retail income; multiplied by

(2) the retail merchant's "income exclusion ratio" for the tax year

1 which contains the reporting period.

2 (b) A retail merchant's "income exclusion ratio" for a particular tax
3 year equals a fraction, the numerator of which is the retail merchant's
4 estimated total gross retail income for the tax year from unitary retail
5 transactions which produce gross retail income of less than ~~ten~~ **nine**
6 cents ~~(\$10)~~ **(\$0.09)** each, and the denominator of which is the retail
7 merchant's estimated total gross retail income for the tax year from all
8 retail transactions.

9 (c) In order to minimize a retail merchant's recordkeeping
10 requirements, the department shall prescribe a procedure for
11 determining the retail merchant's income exclusion ratio for a tax year,
12 based on a period of time, not to exceed fifteen (15) consecutive days,
13 during the first quarter of the retail merchant's tax year. However, the
14 period of time may be changed if the change is requested by the retail
15 merchant because of his peculiar accounting procedures or marketing
16 factors. In addition, if a retail merchant has multiple sales locations or
17 diverse types of sales, the department shall permit the retail merchant
18 to determine the ratio on the basis of a representative sampling of the
19 locations and types of sales.

20 SECTION 73. IC 6-2.5-6-10 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) In order to
22 compensate retail merchants for collecting and timely remitting the
23 state gross retail tax and the state use tax, every retail merchant, except
24 a retail merchant referred to in subsection (c), is entitled to deduct and
25 retain from the amount of those taxes otherwise required to be remitted
26 under IC 6-2.5-7-5 or under this chapter, if timely remitted, a retail
27 merchant's collection allowance.

28 (b) The allowance equals ~~one eighty-three hundredths~~ percent ~~(1%)~~
29 **(0.83%)** of the retail merchant's state gross retail and use tax liability
30 accrued during a reporting period.

31 (c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not
32 entitled to the allowance provided by this section.

33 SECTION 74. IC 6-2.5-7-3, AS AMENDED BY P.L.222-1999,
34 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
35 JULY 1, 2002]: Sec. 3. (a) With respect to the sale of gasoline which
36 is dispensed from a metered pump, a retail merchant shall collect, for
37 each unit of gasoline sold, state gross retail tax in an amount equal to
38 the product, rounded to the nearest one-tenth of one cent ~~(\$0.01)~~;

1 (~~\$0.001~~), of:

2 (†) (1) the price per unit before the addition of state and federal
3 taxes; multiplied by

4 (†) ~~five (2) six~~ percent (~~5%~~): (6%).

5 The retail merchant shall collect the state gross retail tax prescribed in
6 this section even if the transaction is exempt from taxation under
7 IC 6-2.5-5.

8 (b) With respect to the sale of special fuel or kerosene which is
9 dispensed from a metered pump, unless the purchaser provides an
10 exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant
11 shall collect, for each unit of special fuel or kerosene sold, state gross
12 retail tax in an amount equal to the product, rounded to the nearest
13 one-tenth of one cent (~~\$0.001~~), (~~\$0.001~~), of:

14 (†) (1) the price per unit before the addition of state and federal
15 taxes; multiplied by

16 (†) ~~five (2) six~~ percent (~~5%~~): (6%).

17 Unless the exemption certificate is provided, the retail merchant shall
18 collect the state gross retail tax prescribed in this section even if the
19 transaction is exempt from taxation under IC 6-2.5-5.

20 SECTION 75. IC 6-2.5-7-5 IS AMENDED TO READ AS
21 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 5. (a) Each retail
22 merchant who dispenses gasoline or special fuel from a metered pump
23 shall, in the manner prescribed in IC 6-2.5-6, report to the department
24 the following information:

25 (1) The total number of gallons of gasoline sold from a metered
26 pump during the period covered by the report.

27 (2) The total amount of money received from the sale of gasoline
28 described in subdivision (1) during the period covered by the
29 report.

30 (3) That portion of the amount described in subdivision (2) which
31 represents state and federal taxes imposed under IC 6-2.5,
32 IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

33 (4) The total number of gallons of special fuel sold from a metered
34 pump during the period covered by the report.

35 (5) The total amount of money received from the sale of special
36 fuel during the period covered by the report.

37 (6) That portion of the amount described in subdivision (5) that
38 represents state and federal taxes imposed under IC 6-2.5,

1 IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

2 (b) Concurrently with filing the report, the retail merchant shall remit
 3 the state gross retail tax in an amount which equals ~~one twenty-first~~
 4 ~~(1/21)~~ **five and sixty-six hundredths percent (5.66%)** of the gross
 5 receipts, including state gross retail taxes but excluding Indiana and
 6 federal gasoline and special fuel taxes, received by the retail merchant
 7 from the sale of the gasoline and special fuel that is covered by the
 8 report and on which the retail merchant was required to collect state
 9 gross retail tax. The retail merchant shall remit that amount regardless
 10 of the amount of state gross retail tax which he has actually collected
 11 under this chapter. However, the retail merchant is entitled to deduct
 12 and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and
 13 IC 6-2.5-6-11.

14 (c) A retail merchant is entitled to deduct from the amount of state
 15 gross retail tax required to be remitted under subsection (b) an amount
 16 equal to:

- 17 (1) the sum of the prepayment amounts made during the period
- 18 covered by the retail merchant's report; minus
- 19 (2) the sum of prepayment amounts collected by the retail
- 20 merchant, in the merchant's capacity as a qualified distributor,
- 21 during the period covered by the retail merchant's report.

22 For purposes of this section, a prepayment of the gross retail tax is
 23 presumed to occur on the date on which it is invoiced.

24 SECTION 76. IC 6-2.5-10-1, AS AMENDED BY P.L.253-1999,
 25 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JULY 1, 2002]: Sec. 1. (a) The department shall account for all state
 27 gross retail and use taxes that it collects.

28 (b) The department shall deposit those collections in the following
 29 manner:

- 30 (1) ~~Forty Twenty~~ percent ~~(40%)~~ **(20%)** of the collections shall be
- 31 paid into the property tax replacement fund established under
- 32 IC 6-1.1-21.
- 33 (2) ~~Fifty-nine and three-hundredths~~ **Eighty** percent ~~(59.03%)~~
- 34 **(80%)** of the collections shall be paid into the state general fund.
- 35 (3) ~~Seventy-six hundredths of one percent (0.76%) of the~~
- 36 ~~collections shall be paid into the public mass transportation fund~~
- 37 ~~established by IC 8-23-3-8.~~
- 38 (4) ~~Four hundredths of one percent (0.04%) of the collections shall~~

1 be deposited into the industrial rail service fund established under
 2 IC 8-3-1.7-2.

3 ~~(5) Seventeen hundredths of one percent (0.17%) of the collections~~
 4 ~~shall be deposited into the commuter rail service fund established~~
 5 ~~under IC 8-3-1.5-20.5.~~

6 SECTION 77. IC 6-2.5-10-2 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. The provisions of the
 8 **adjusted** gross income tax law ~~(IC 6-2.1); (IC 6-3)~~, which do not
 9 conflict with the provisions of this article and which deal with any of
 10 the following subjects, apply for the purposes of imposing, collecting,
 11 and administering the state gross retail and use taxes under this article:

- 12 (1) Filing of returns.
- 13 (2) Auditing of returns.
- 14 (3) Investigation of tax liability.
- 15 (4) Determination of tax liability.
- 16 (5) Notification of tax liability.
- 17 (6) Assessment of tax liability.
- 18 (7) Collection of tax liability.
- 19 (8) Examination of taxpayer's books and records.
- 20 (9) Legal proceedings.
- 21 (10) Court actions.
- 22 (11) Remedies.
- 23 (12) Privileges.
- 24 (13) Taxpayer and departmental relief.
- 25 (14) Statutes of limitations.
- 26 (15) Hearings.
- 27 (16) Refunds.
- 28 (17) Remittances.
- 29 (18) Imposition of penalties and interest.
- 30 (19) Maintenance of departmental records.
- 31 (20) Confidentiality of taxpayer's returns.
- 32 (21) Duties of the secretary of state and the treasurer of state.
- 33 (22) Administration."

34 Page 14, line 14, after "taxable" insert "**years beginning after**
 35 **December 31, 2001, and before January 1, 2004, add an amount**
 36 **equal to any deduction or deductions allowed or allowable under**
 37 **Section 62 of the Internal Revenue Code for taxes on property**
 38 **levied by any subdivision of any state of the United States."**

1 Page 16, line 13, delete "2004," and insert "**2003**,".

2 Page 16, line 30, after "taxable" insert "**years beginning after**
 3 **December 31, 2001, and before January 1, 2004, add an amount**
 4 **equal to a deduction or deductions allowed or allowable under**
 5 **Section 63 of the Internal Revenue Code for taxes on property**
 6 **levied by a state or subdivision of a state of the United States."**

7 Page 16, line 39, after "(c)" insert "**In the case of life insurance**
 8 **companies (as defined in Section 816(a) of the Internal Revenue**
 9 **Code) that are organized under Indiana law, the same as "life**
 10 **insurance company taxable income" (as defined in Section 801 of**
 11 **the Internal Revenue Code), adjusted as follows:**

12 (1) **Subtract income that is exempt from taxation under IC 6-3**
 13 **by the Constitution and statutes of the United States.**

14 (2) **Add an amount equal to any deduction allowed or allowable**
 15 **under Section 170 of the Internal Revenue Code.**

16 (3) **Add an amount equal to a deduction allowed or allowable**
 17 **under Section 805 or Section 831(c) of the Internal Revenue**
 18 **Code for taxes based on or measured by income and levied at**
 19 **the state level by any state. For taxable years beginning after**
 20 **December 31, 2001, and before January 1, 2004, add an**
 21 **amount equal to a deduction or deductions allowed or**
 22 **allowable under Section 63, Section 805, or Section 831(c) of**
 23 **the Internal Revenue Code for taxes on property levied by a**
 24 **state or subdivision of a state of the United States.**

25 (4) **Subtract an amount equal to the amount included in the**
 26 **company's taxable income under Section 78 of the Internal**
 27 **Revenue Code.**

28 (d) **In the case of insurance companies subject to tax under**
 29 **Section 831 of the Internal Revenue Code and organized under**
 30 **Indiana law, the same as "taxable income" (as defined in Section**
 31 **832 of the Internal Revenue Code), adjusted as follows:**

32 (1) **Subtract income that is exempt from taxation under IC 6-3**
 33 **by the Constitution and statutes of the United States.**

34 (2) **Add an amount equal to any deduction allowed or allowable**
 35 **under Section 170 of the Internal Revenue Code.**

36 (3) **Add an amount equal to a deduction allowed or allowable**
 37 **under Section 805 or Section 831(c) of the Internal Revenue**
 38 **Code for taxes based on or measured by income and levied at**

1 the state level by any state. For taxable years beginning after
 2 December 31, 2001, and before January 1, 2004, add an
 3 amount equal to a deduction or deductions allowed or
 4 allowable under Section 63, Section 805, or Section 831(c) of
 5 the Internal Revenue Code for taxes on property levied by a
 6 state or subdivision of a state of the United States.

7 **(4) Subtract an amount equal to the amount included in the**
 8 **company's taxable income under Section 78 of the Internal**
 9 **Revenue Code.**

10 (e)".

11 Page 17, delete lines 1 through 22, begin a new paragraph and insert:
 12 "SECTION 57. IC 6-3-1-10 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. ~~The term~~ **As**
 14 **used in this article,** "corporation" includes all corporations,
 15 associations, real estate investment trusts (as defined in the Internal
 16 Revenue Code), joint stock companies, whether organized for profit or
 17 not-for-profit, any receiver, trustee or conservator thereof, business
 18 trusts, Massachusetts trusts, any proprietorship or partnership taxable
 19 under Section 1361 of the Internal Revenue Code, and any publicly
 20 traded partnership that is treated as a corporation for federal income tax
 21 purposes under Section 7704 of the Internal Revenue Code. **The term**
 22 **includes life insurance companies (as defined in Section 816(a) of**
 23 **the Internal Revenue Code) and insurance companies subject to**
 24 **tax under Section 831 of the Internal Revenue Code.**

25 SECTION 78. IC 6-3-1-11, AS AMENDED BY P.L.9-2001,
 26 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JANUARY 1, 2004]: Sec. 11. (a) The term "Internal Revenue Code"
 28 means the Internal Revenue Code of 1986 of the United States as
 29 amended and in effect on January 1, 2001.

30 (b) Whenever the Internal Revenue Code is mentioned in this article,
 31 the particular provisions that are referred to, together with all the other
 32 provisions of the Internal Revenue Code in effect on January 1, 2001,
 33 that pertain to the provisions specifically mentioned, shall be regarded
 34 as incorporated in this article by reference and have the same force and
 35 effect as though fully set forth in this article. To the extent the
 36 provisions apply to this article, regulations adopted under Section
 37 7805(a) of the Internal Revenue Code and in effect on January 1, 2001,
 38 shall be regarded as rules adopted by the department under this article,

1 unless the department adopts specific rules that supersede the
2 regulation.

3 (c) An amendment to the Internal Revenue Code made by an act
4 passed by Congress before January 1, 2001, that is effective for any
5 taxable year that began before January 1, 2001, and that affects:

- 6 (1) individual adjusted gross income (as defined in Section 62 of
7 the Internal Revenue Code);
- 8 (2) corporate taxable income (as defined in Section 63 of the
9 Internal Revenue Code);
- 10 (3) trust and estate taxable income (as defined in Section 641(b) of
11 the Internal Revenue Code);
- 12 (4) life insurance company taxable income (as defined in Section
13 801(b) of the Internal Revenue Code);
- 14 (5) mutual insurance company taxable income (as defined in
15 Section 821(b) of the Internal Revenue Code); or
- 16 (6) taxable income (as defined in Section 832 of the Internal
17 Revenue Code);

18 is also effective for that same taxable year for purposes of determining
19 adjusted gross income under ~~IC 6-3-1-3.5~~ and net income under
20 ~~IC 6-3-8-2(b)~~; **section 3.5 of this chapter.**

21 SECTION 79. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS
22 [EFFECTIVE JANUARY 1, 2004]: Sec. 1. (a) Each taxable year, a tax
23 at the rate of:

- 24 (1) three and four-tenths percent (3.4%) of **the first twenty**
25 **thousand dollars (\$20,000)** of adjusted gross income;
- 26 (2) **three and eight-tenths percent (3.8%) of adjusted gross**
27 **income that exceeds twenty thousand dollars (\$20,000) but is**
28 **not more than seventy thousand dollars (\$70,000); and**
- 29 (3) **four and two-tenths percent (4.2%) of adjusted gross**
30 **income that exceeds seventy thousand dollars (\$70,000);**

31 is imposed upon the adjusted gross income of every resident person,
32 and on that part of the adjusted gross income derived from sources
33 within Indiana of every nonresident person. **The tax rate imposed by**
34 **this subsection applies to the total taxable income reported on a**
35 **return filed under IC 6-3-4, regardless of whether the return is a**
36 **separate or joint return.**

37 (b) Each taxable year, a tax at the rate of ~~three eight~~ and ~~four-tenths~~
38 ~~five-tenths~~ percent (~~3.4%~~) **(8.5%)** of adjusted gross income is imposed

on that part of the adjusted gross income derived from sources within Indiana of every corporation.

SECTION 80. IC 6-3-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) With regard to corporations and nonresident persons, "adjusted gross income derived from sources within Indiana", for the purposes of this article, shall mean and include:

(1) income from real or tangible personal property located in this state;

(2) income from doing business in this state;

(3) income from a trade or profession conducted in this state;

(4) compensation for labor or services rendered within this state; and

(5) income from stocks, bonds, notes, bank deposits, patents, copyrights, secret processes and formulas, good will, trademarks, trade brands, franchises, and other intangible personal property if the receipt from the intangible is attributable to Indiana under section 2.2 of this chapter.

In the case of nonbusiness income described in subsection (g), only so much of such income as is allocated to this state under the provisions of subsections (h) through (k) shall be deemed to be derived from sources within Indiana. In the case of business income, only so much of such income as is apportioned to this state under the provision of subsection (b) shall be deemed to be derived from sources within the state of Indiana. In the case of compensation of a team member (as defined in section 2.7 of this chapter) only the portion of income determined to be Indiana income under section 2.7 of this chapter is considered derived from sources within Indiana. **In the case of a corporation that is a life insurance company (as defined in Section 816(a) of the Internal Revenue Code), or an insurance company that is subject to tax under Section 831 of the Internal Revenue Code, only so much of the income as is apportioned to Indiana under subsection (r) is considered derived from sources within Indiana.**

(b) Except as provided in subsection (l), if business income of a corporation or a nonresident person is derived from sources within the state of Indiana and from sources without the state of Indiana, then the business income derived from sources within this state shall be

determined by multiplying the business income derived from sources both within and without the state of Indiana by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three (3). However, after a period of two (2) consecutive quarters of income growth and one (1) additional quarter (regardless of any income growth), the fraction shall be computed as follows:

(1) For all taxable years that begin within the first calendar year immediately following the period, the numerator of the fraction is the sum of the property factor plus the payroll factor plus one hundred thirty-three percent (133%) of the sales factor, and the denominator of the fraction is three and thirty-three hundredths (3.33).

(2) For all taxable years that begin within the second calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus one hundred sixty-seven percent (167%) of the sales factor, and the denominator of the fraction is three and sixty-seven hundredths (3.67).

(3) For all taxable years beginning on or after January 1 of the third calendar year following the period, the numerator of the fraction is the property factor plus the payroll factor plus two hundred percent (200%) of the sales factor, and the denominator of the fraction is four (4).

For purposes of this subsection, income growth occurs when the state's nonfarm personal income for a calendar quarter increases in comparison with the state's nonfarm personal income for the immediately preceding quarter at an annualized compound rate of five percent (5%) or more, as determined by the budget agency based on current dollar figures provided by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency. The annualized compound rate shall be computed in accordance with the formula $(1+N)^4-1$, where N equals the percentage change in the state's current dollar nonfarm personal income from one (1) quarter to the next. As soon as possible after two (2) consecutive quarters of income growth, the budget agency shall advise the department of the growth.

(c) The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property

owned or rented and used in this state during the taxable year and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the taxable year. However, with respect to a foreign corporation, the denominator does not include the average value of real or tangible personal property owned or rented and used in a place that is outside the United States. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight (8) times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals. The average of property shall be determined by averaging the values at the beginning and ending of the taxable year but the department may require the averaging of monthly values during the taxable year if reasonably required to reflect properly the average value of the taxpayer's property.

(d) The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the taxable year by the taxpayer for compensation, and the denominator of which is the total compensation paid everywhere during the taxable year. However, with respect to a foreign corporation, the denominator does not include compensation paid in a place that is outside the United States. Compensation is paid in this state if:

- (1) the individual's service is performed entirely within the state;
- (2) the individual's service is performed both within and without this state, but the service performed without this state is incidental to the individual's service within this state; or
- (3) some of the service is performed in this state and:
 - (A) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in this state; or
 - (B) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual is a resident of this state.

(e) The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the taxable year, and the denominator of which is the total sales of the taxpayer everywhere during the taxable year. Sales include receipts from intangible property

and receipts from the sale or exchange of intangible property. However, with respect to a foreign corporation, the denominator does not include sales made in a place that is outside the United States. Receipts from intangible personal property are derived from sources within Indiana if the receipts from the intangible personal property are attributable to Indiana under section 2.2 of this chapter. Sales of tangible personal property are in this state if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, within this state, regardless of the f.o.b. point or other conditions of the sale; or

(2) the property is shipped from an office, a store, a warehouse, a factory, or other place of storage in this state and:

(A) the purchaser is the United States government; or

(B) the taxpayer is not taxable in the state of the purchaser.

Gross receipts derived from commercial printing as described in IC 6-2.1-2-4 shall be treated as sales of tangible personal property for purposes of this chapter.

(f) Sales, other than receipts from intangible property covered by subsection (e) and sales of tangible personal property, are in this state if:

(1) the income-producing activity is performed in this state; or

(2) the income-producing activity is performed both within and without this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

(g) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in subsections (h) through (k).

(h)(1) Net rents and royalties from real property located in this state are allocable to this state.

(2) Net rents and royalties from tangible personal property are allocated to this state:

(i) if and to the extent that the property is utilized in this state; or

(ii) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a state

is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year, and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the property was located at the time the rental or royalty payer obtained possession.

(i)(1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if:

- (i) the property had a situs in this state at the time of the sale; or
- (ii) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

(j) Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

(k)(1) Patent and copyright royalties are allocable to this state:

- (i) if and to the extent that the patent or copyright is utilized by the taxpayer in this state; or
- (ii) if and to the extent that the patent or copyright is utilized by the taxpayer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if

1 the accounting procedures do not reflect states of utilization, the
2 copyright is utilized in the state in which the taxpayer's commercial
3 domicile is located.

4 (l) If the allocation and apportionment provisions of this article do
5 not fairly represent the taxpayer's income derived from sources within
6 the state of Indiana, the taxpayer may petition for or the department
7 may require, in respect to all or any part of the taxpayer's business
8 activity, if reasonable:

- 9 (1) separate accounting;
10 (2) the exclusion of any one (1) or more of the factors;
11 (3) the inclusion of one (1) or more additional factors which will
12 fairly represent the taxpayer's income derived from sources within
13 the state of Indiana; or
14 (4) the employment of any other method to effectuate an equitable
15 allocation and apportionment of the taxpayer's income.

16 (m) In the case of two (2) or more organizations, trades, or businesses
17 owned or controlled directly or indirectly by the same interests, the
18 department shall distribute, apportion, or allocate the income derived
19 from sources within the state of Indiana between and among those
20 organizations, trades, or businesses in order to fairly reflect and report
21 the income derived from sources within the state of Indiana by various
22 taxpayers.

23 (n) For purposes of allocation and apportionment of income under
24 this article, a taxpayer is taxable in another state if:

- 25 (1) in that state the taxpayer is subject to a net income tax, a
26 franchise tax measured by net income, a franchise tax for the
27 privilege of doing business, or a corporate stock tax; or
28 (2) that state has jurisdiction to subject the taxpayer to a net
29 income tax regardless of whether, in fact, the state does or does
30 not.

31 (o) Notwithstanding subsections (l) and (m), the department may not,
32 under any circumstances, require that income, deductions, and credits
33 attributable to a taxpayer and another entity be reported in a combined
34 income tax return for any taxable year, if the other entity is:

- 35 (1) a foreign corporation; or
36 (2) a corporation that is classified as a foreign operating
37 corporation for the taxable year by section 2.4 of this chapter.

38 (p) Notwithstanding subsections (l) and (m), the department may not

1 require that income, deductions, and credits attributable to a taxpayer
 2 and another entity not described in subsection (o)(1) or (o)(2) be
 3 reported in a combined income tax return for any taxable year, unless
 4 the department is unable to fairly reflect the taxpayer's adjusted gross
 5 income for the taxable year through use of other powers granted to the
 6 department by subsections (l) and (m).

7 (q) Notwithstanding subsections (o) and (p), one (1) or more
 8 taxpayers may petition the department under subsection (l) for
 9 permission to file a combined income tax return for a taxable year. The
 10 petition to file a combined income tax return must be completed and
 11 filed with the department not more than thirty (30) days after the end
 12 of the taxpayer's taxable year.

13 **(r) This subsection applies to a corporation that is a life**
 14 **insurance company (as defined in Section 816(a) of the Internal**
 15 **Revenue Code) or an insurance company that is subject to tax**
 16 **under Section 831 of the Internal Revenue Code. The corporation's**
 17 **adjusted gross income that is derived from sources within Indiana**
 18 **is determined by multiplying the corporation's adjusted gross**
 19 **income by a fraction:**

20 (1) the numerator of which is the direct premiums and annuity
 21 considerations received during the taxable year for insurance
 22 upon property or risks in the state; and

23 (2) the denominator of which is the direct premiums and
 24 annuity considerations received during the taxable year for
 25 insurance upon property or risks everywhere.

26 **The term "direct premiums and annuity considerations" means the**
 27 **gross premiums received from direct business as reported in the**
 28 **corporation's annual statement filed with the department of**
 29 **insurance.**

30 SECTION 81. IC 6-3-2-2.3 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.3.
 32 Notwithstanding any other provision of this article, with respect to a
 33 person, corporation, or partnership that has contracted with a
 34 commercial printer for printing:

35 (1) the ownership or leasing by that entity of tangible or intangible
 36 property located at the Indiana premises of the commercial printer;

37 (2) the sale by that entity of property of any kind produced at and
 38 shipped or distributed from the Indiana premises of the commercial

1 printer;

2 (3) the activities of any kind performed by or on behalf of that
3 entity at the Indiana premises of the commercial printer; and

4 (4) the activities performed by the commercial printer in Indiana
5 for or on behalf of that entity;

6 shall not cause that entity to have adjusted gross income derived from
7 sources within Indiana for purposes of the taxes imposed by this
8 chapter, ~~and IC 6-3-8~~; unless that entity engages in other activities in
9 Indiana away from the premises of the commercial printer that exceed
10 the protection of 15 U.S.C. 381.

11 SECTION 82. IC 6-3-2-2.6 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.6. (a) This
13 section applies to a corporation or a nonresident person, for a particular
14 taxable year, if the taxpayer's adjusted gross income for that taxable
15 year is reduced because of a deduction allowed under Section 172 of
16 the Internal Revenue Code for a net operating loss. For purposes of
17 section 1 of this chapter, the taxpayer's adjusted gross income, for the
18 particular taxable year, derived from sources within Indiana is the
19 remainder determined under STEP FOUR of the following formula:

20 STEP ONE: Determine, in the manner prescribed in section 2 of
21 this chapter, the taxpayer's adjusted gross income, for the taxable
22 year, derived from sources within Indiana, as calculated without
23 the deduction for net operating losses provided by Section 172 of
24 the Internal Revenue Code.

25 STEP TWO: Determine, in the manner prescribed in subsection
26 (b), the amount of the taxpayer's net operating losses that are
27 deductible for the taxable year under Section 172 of the Internal
28 Revenue Code, as adjusted to reflect the modifications required by
29 IC 6-3-1-3.5, and that are derived from sources within Indiana.

30 STEP THREE: Enter the larger of zero (0) or the amount
31 determined under STEP TWO.

32 STEP FOUR: Subtract the amount entered under STEP THREE
33 from the amount determined under STEP ONE.

34 (b) For purposes of STEP TWO of subsection (a), the modifications
35 that are to be applied are those modifications required under
36 IC 6-3-1-3.5 for the same taxable year during which each net operating
37 loss was incurred. In addition, for purposes of STEP TWO of
38 subsection (a), the amount of a taxpayer's net operating losses that are

1 derived from sources within Indiana shall be determined in the same
 2 manner that the amount of the taxpayer's income derived from sources
 3 within Indiana is determined, under section 2 of this chapter, for the
 4 same taxable year during which each loss was incurred. Also, for
 5 purposes of STEP TWO of subsection (a), the following procedures
 6 apply:

7 (1) The taxpayer's net operating loss for a particular taxable year
 8 shall be treated as a positive number.

9 (2) A modification that is to be added to federal adjusted gross
 10 income or federal taxable income under IC 6-3-1-3.5 shall be
 11 treated as a negative number.

12 (3) A modification that is to be subtracted from federal adjusted
 13 gross income or federal taxable income under IC 6-3-1-3.5 shall be
 14 treated as a positive number.

15 **(4) A net operating loss under this section shall be considered**
 16 **even though, in the year the taxpayer incurred the loss, the**
 17 **taxpayer was not subject to the tax imposed under section 1 of**
 18 **this chapter because the taxpayer was:**

19 **(A) a life insurance company (as defined in Section 816(a) of**
 20 **the Internal Revenue Code); or**

21 **(B) an insurance company subject to tax under Section 831**
 22 **of the Internal Revenue Code.**

23 SECTION 83. IC 6-3-2-2.8 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.8.
 25 Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall
 26 be no tax on the adjusted gross income of the following:

27 (1) Any organization described in Section 501(a) of the Internal
 28 Revenue Code, except that any income of such organization which
 29 is subject to income tax under the Internal Revenue Code shall be
 30 subject to the tax under IC 6-3-1 through IC 6-3-7.

31 (2) Any corporation which is exempt from income tax under
 32 Section 1363 of the Internal Revenue Code and which complies
 33 with the requirements of IC 6-3-4-13. However, income of a
 34 corporation described under this subdivision that is subject to
 35 income tax under the Internal Revenue Code is subject to the tax
 36 under IC 6-3-1 through IC 6-3-7. A corporation will not lose its
 37 exemption under this section because it fails to comply with
 38 IC 6-3-4-13 but it will be subject to the penalties provided by

1 IC 6-8.1-10.

2 (3) Banks and trust companies, national banking associations,
3 savings banks, building and loan associations, and savings and
4 loan associations.

5 (4) Insurance companies subject to tax under IC 27-1-18-2,
6 **including a domestic insurance company that elects to be taxed**
7 **under IC 27-1-18-2.**

8 (5) International banking facilities (as defined in Regulation D of
9 the Board of Governors of the Federal Reserve System (12 CFR
10 204)).

11 SECTION 84. IC 6-3-2-3.1 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.1. (a) Except as
13 otherwise provided in subsection (b), income is not exempt from the
14 adjusted gross income tax ~~or the supplemental net income tax~~, under
15 section 2.8(1) of this chapter if the income is derived by the exempt
16 organization from an unrelated trade or business, as defined in Section
17 513 of the Internal Revenue Code.

18 (b) This section does not apply to:

- 19 (1) the United States government;
- 20 (2) an agency or instrumentality of the United States government;
- 21 (3) this state;
- 22 (4) a state agency, as defined in IC 34-6-2-141;
- 23 (5) a political subdivision, as defined in IC 34-6-2-110; or
- 24 (6) a county solid waste management district or a joint solid waste
25 management district established under IC 13-21 or IC 13-9.5-2
26 (before its repeal).

27 SECTION 85. IC 6-3-2-6, AS AMENDED BY P.L.14-1999,
28 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2004]: Sec. 6. (a) Each taxable year, an individual who
30 rents a dwelling for use as ~~his~~ **the individual's** principal place of
31 residence may deduct from ~~his~~ **the individual's** adjusted gross income
32 (as defined in IC 6-3-1-3.5(a)), the lesser of:

- 33 (1) the amount of rent paid by ~~him~~ **the individual** with respect to
34 the dwelling during the taxable year; or
- 35 (2) ~~two~~ **four** thousand dollars ~~(\$2,000)~~: **(\$4,000)**.

36 (b) Notwithstanding subsection (a), a husband and wife filing a joint
37 adjusted gross income tax return for a particular taxable year may not
38 claim a deduction under this section of more than ~~two~~ **four** thousand

1 dollars ~~(\$2,000): (\$4,000).~~

2 (c) The deduction provided by this section does not apply to an
3 individual who rents a dwelling that is exempt from Indiana property
4 tax.

5 (d) For purposes of this section, a "dwelling" includes a single family
6 dwelling and unit of a multi-family dwelling.

7 SECTION 86. IC 6-3-4-4.1 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4.1. (a) This
9 section applies to taxable years beginning after December 31, 1993.

10 (b) Any individual required by the Internal Revenue Code to file
11 estimated tax returns and to make payments on account of such
12 estimated tax shall file estimated tax returns and make payments of the
13 tax imposed by this article to the department at the time or times and
14 in the installments as provided by Section 6654 of the Internal Revenue
15 Code. However, in applying Section 6654 of the Internal Revenue Code
16 for the purposes of this article, "estimated tax" means the amount
17 which the individual estimates as the amount of the adjusted gross
18 income tax imposed by this article for the taxable year, minus the
19 amount which the individual estimates as the sum of any credits against
20 the tax provided by IC 6-3-3.

21 (c) Every individual who has **adjusted** gross income subject to the
22 tax imposed by this article and from which tax is not withheld under
23 the requirements of section 8 of this chapter shall make a declaration
24 of estimated tax for the taxable year. However, no such declaration
25 shall be required if the estimated tax can reasonably be expected to be
26 less than four hundred dollars (\$400). In the case of an underpayment
27 of the estimated tax as provided in Section 6654 of the Internal
28 Revenue Code, there shall be added to the tax a penalty in an amount
29 prescribed by IC 6-8.1-10-2.1(b).

30 (d) Every corporation subject to the adjusted gross income tax liability
31 imposed by IC 6-3 shall be required to report and pay an estimated tax
32 equal to twenty-five percent (25%) of such corporation's estimated
33 adjusted gross income tax liability for the taxable year. ~~less the credit~~
34 ~~allowed by IC 6-3-3-2 for the tax imposed on gross income. Such~~
35 ~~estimated payment shall be made at the same time and in conjunction~~
36 ~~with the reporting of gross income tax as provided for in IC 6-2.1-5: A~~
37 **taxpayer who uses a taxable year that ends on December 31 shall**
38 **file the taxpayer's estimated adjusted gross income tax returns and**

1 **pay the tax to the department on or before April 20, June 20,**
 2 **September 20, and December 20 of the taxable year. If a taxpayer**
 3 **uses a taxable year that does not end on December 31, the due**
 4 **dates for filing estimated adjusted gross income tax returns and**
 5 **paying the tax are on or before the twentieth day of the fourth,**
 6 **sixth, ninth, and twelfth months of the taxpayer's taxable year.** The
 7 department shall prescribe the manner and forms for such reporting and
 8 payment.

9 (e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by
 10 the department on corporations failing to make payments as required
 11 in subsection (d) or (g). However, no penalty shall be assessed as to
 12 any estimated payments of adjusted gross income tax plus
 13 supplemental net income tax plus gross income tax which equal or
 14 exceed:

15 (1) twenty percent (20%) of the final tax liability for such taxable
 16 year; or

17 (2) twenty-five percent (25%) of the final tax liability for the
 18 taxpayer's previous taxable year.

19 In addition, the penalty as to any underpayment of tax on an estimated
 20 return shall only be assessed on the difference between the actual
 21 amount paid by the corporation on such estimated return and
 22 twenty-five percent (25%) of the sum of the corporation's final adjusted
 23 gross income tax plus supplemental net income tax liability for such
 24 taxable year.

25 (f) The provisions of subsection (d) requiring the reporting and
 26 estimated payment of adjusted gross income tax shall be applicable
 27 only to corporations having an adjusted gross income tax liability
 28 which, after application of the credit allowed by IC 6-3-3-2, shall
 29 exceed one thousand dollars (\$1,000) for its taxable year.

30 (g) If the department determines that a corporation's:

31 (1) estimated quarterly adjusted gross income tax liability for the
 32 current year; or

33 (2) average estimated quarterly adjusted gross income tax liability
 34 for the preceding year;

35 exceeds, before January 1, 1998, twenty thousand dollars (\$20,000),
 36 and, after December 31, 1997, ten thousand dollars (\$10,000), after the
 37 credit allowed by IC 6-3-3-2, the corporation shall pay the estimated
 38 adjusted gross income taxes due by electronic funds transfer (as

defined in IC 4-8.1-2-7) or by delivering in person or overnight by courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a corporation's adjusted gross income tax payment is made by electronic funds transfer, the corporation is not required to file an estimated adjusted gross income tax return.

SECTION 87. IC 6-3-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Except as provided in subsection (d) **or (I)**, every employer making payments of wages subject to tax under IC 6-3, regardless of the place where such payment is made, who is required under the provisions of the Internal Revenue Code to withhold, collect, and pay over income tax on wages paid by such employer to such employee, shall, at the time of payment of such wages, deduct and retain therefrom the amount prescribed in withholding instructions issued by the department. The department shall base its withholding instructions on the adjusted gross income tax rate for persons, on the total rates of any income taxes that the taxpayer is subject to under IC 6-3.5, and on the total amount of exclusions the taxpayer is entitled to under IC 6-3-1-3.5(a)(3) and IC 6-3-1-3.5(a)(4). Such employer making payments of any wages:

(1) shall be liable to the state of Indiana for the payment of the tax required to be deducted and withheld under this section and shall not be liable to any individual for the amount deducted from ~~his~~ **the individual's** wages and paid over in compliance or intended compliance with this section; and

(2) shall make return of and payment to the department monthly of the amount of tax which under IC 6-3 and IC 6-3.5 ~~he~~ **the employer** is required to withhold.

(b) An employer shall pay taxes withheld under subsection (a) during a particular month to the department no later than thirty (30) days after the end of that month. However, in place of monthly reporting periods, the department may permit an employer to report and pay the tax for:

(1) a calendar year reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous calendar year does not exceed ten dollars (\$10);

(2) a six (6) month reporting period, if the average monthly amount of all tax required to be withheld by the employer in the previous

1 calendar year does not exceed twenty-five dollars (\$25); or

2 (3) a three (3) month reporting period, if the average monthly
3 amount of all tax required to be withheld by the employer in the
4 previous calendar year does not exceed seventy-five dollars (\$75).

5 An employer using a reporting period (other than a monthly reporting
6 period) must file the employer's return and pay the tax for a reporting
7 period no later than the last day of the month immediately following
8 the close of the reporting period. If an employer files a combined sales
9 and withholding tax report, the reporting period for the combined
10 report is the shortest period required under this section, section 8.1 of
11 this chapter, or IC 6-2.5-6-1.

12 (c) For purposes of determining whether an employee is subject to
13 taxation under IC 6-3.5, an employer is entitled to rely on the statement
14 of ~~his~~ **an** employee as to ~~his~~ **the employee's** county of residence as
15 represented by the statement of address in forms claiming exemptions
16 for purposes of withholding, regardless of when the employee supplied
17 the forms. Every employee shall notify ~~his~~ **the employee's** employer
18 within five (5) days after any change in ~~his~~ **the employee's** county of
19 residence.

20 (d) A county that makes payments of wages subject to tax under
21 IC 6-3:

22 (1) to a precinct election officer (as defined in IC 3-5-2-40.1); and

23 (2) for the performance of the duties of the precinct election officer
24 imposed by IC 3 that are performed on election day;

25 is not required, at the time of payment of the wages, to deduct and
26 retain from the wages the amount prescribed in withholding
27 instructions issued by the department.

28 (e) Every employer shall, at the time of each payment made by ~~him~~
29 **the employer** to the department, deliver to the department a return
30 upon the form prescribed by the department showing:

31 (1) the total amount of wages paid to ~~his~~ **the employer's**
32 employees;

33 (2) the amount deducted therefrom in accordance with the
34 provisions of the Internal Revenue Code;

35 (3) the amount of adjusted gross income tax deducted therefrom in
36 accordance with the provisions of this section;

37 (4) the amount of income tax, if any, imposed under IC 6-3.5 and
38 deducted therefrom in accordance with this section; and

1 (5) any other information the department may require.

2 Every employer making a declaration of withholding as provided in this
3 section shall furnish ~~his~~ **the employer's** employees annually, but not
4 later than thirty (30) days after the end of the calendar year, a record of
5 the total amount of adjusted gross income tax and the amount of each
6 income tax, if any, imposed under IC 6-3.5, withheld from the
7 employees, on the forms prescribed by the department.

8 (f) All money deducted and withheld by an employer shall
9 immediately upon such deduction be the money of the state, and every
10 employer who deducts and retains any amount of money under the
11 provisions of IC 6-3 shall hold the same in trust for the state of Indiana
12 and for payment thereof to the department in the manner and at the
13 times provided in IC 6-3. Any employer may be required to post a
14 surety bond in the sum the department determines to be appropriate to
15 protect the state with respect to money withheld pursuant to this
16 section.

17 (g) The provisions of IC 6-8.1 relating to additions to tax in case of
18 delinquency and penalties shall apply to employers subject to the
19 provisions of this section, and for these purposes any amount deducted
20 or required to be deducted and remitted to the department under this
21 section shall be considered to be the tax of the employer, and with
22 respect to such amount the employer shall be considered the taxpayer.
23 In the case of a corporate or partnership employer, every officer,
24 employee, or member of such employer, who, as such officer,
25 employee, or member is under a duty to deduct and remit such taxes
26 shall be personally liable for such taxes, penalties, and interest.

27 (h) Amounts deducted from wages of an employee during any
28 calendar year in accordance with the provisions of this section shall be
29 considered to be in part payment of the tax imposed on such employee
30 for ~~his~~ **the employee's** taxable year which begins in such calendar year,
31 and a return made by the employer under subsection (b) shall be
32 accepted by the department as evidence in favor of the employee of the
33 amount so deducted from ~~his~~ **the employee's** wages. Where the total
34 amount so deducted exceeds the amount of tax on the employee as
35 computed under IC 6-3 and IC 6-3.5, the department shall, after
36 examining the return or returns filed by the employee in accordance
37 with IC 6-3 and IC 6-3.5, refund the amount of the excess deduction.
38 However, under rules promulgated by the department, the excess or any

part thereof may be applied to any taxes or other claim due from the taxpayer to the state of Indiana or any subdivision thereof. No refund shall be made to an employee who fails to file ~~his~~ **the employee's** return or returns as required under IC 6-3 and IC 6-3.5 within two (2) years from the due date of the return or returns. In the event that the excess tax deducted is less than one dollar (\$1), no refund shall be made.

(i) This section shall in no way relieve any taxpayer from ~~his~~ **the taxpayer's** obligation of filing a return or returns at the time required under IC 6-3 and IC 6-3.5, and, should the amount withheld under the provisions of this section be insufficient to pay the total tax of such taxpayer, such unpaid tax shall be paid at the time prescribed by section 5 of this chapter.

(j) Notwithstanding subsection (b), an employer of a domestic service employee that enters into an agreement with the domestic service employee to withhold federal income tax under Section 3402 of the Internal Revenue Code may withhold Indiana income tax on the domestic service employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(k) To the extent allowed by Section 1137 of the Social Security Act, an employer of a domestic service employee may report and remit state unemployment insurance contributions on the employee's wages on the employer's Indiana individual income tax return in the same manner as allowed by Section 3510 of the Internal Revenue Code.

(l) An employer is exempt from the withholding requirements of this section for an individual if the individual certifies to the employer, on forms prescribed by the department, that the individual's wages from the employer for the calendar year will:

(1) comprise more than eighty percent (80%) of the individual's Indiana total income (as defined in IC 6-3.1-21-3); and

(2) not exceed fifteen thousand dollars (\$15,000).

(m) A person who knowingly fails to remit trust fund money as set forth in this section commits a Class D felony.

SECTION 88. IC 6-3.1-2-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter, the following terms have the following meanings:

- 1 (1) "Eligible teacher" means a teacher:
- 2 (A) certified in a shortage area by the professional standards
- 3 board established by IC 20-1-1.4; and
- 4 (B) employed under contract during the regular school term by
- 5 a school corporation in a shortage area.
- 6 (2) "Qualified position" means a position that:
- 7 (A) is relevant to the teacher's academic training in a shortage
- 8 area; and
- 9 (B) has been approved by the Indiana state board of education
- 10 under section 6 of this chapter.
- 11 (3) "Regular school term" means the period, other than the school
- 12 summer recess, during which a teacher is required to perform
- 13 duties assigned to him under a teaching contract.
- 14 (4) "School corporation" means any corporation authorized by law
- 15 to establish public schools and levy taxes for their maintenance.
- 16 (5) "Shortage area" means the subject areas of mathematics and
- 17 science and any other subject area designated as a shortage area by
- 18 the Indiana state board of education.
- 19 (6) "State income tax liability" means a taxpayer's total income tax
- 20 liability incurred under IC 6-2.1, ~~and~~ IC 6-3, ~~and~~ **IC 6-5.5**, as
- 21 computed after application of credits that under IC 6-3.1-1-2 are to
- 22 be applied before the credit provided by this chapter.
- 23 SECTION 89. IC 6-3.1-2-5 IS AMENDED TO READ AS
- 24 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. (a) A credit to
- 25 which a taxpayer is entitled under this chapter shall be applied ~~in the~~
- 26 ~~following manner:~~
- 27 (1) First, against the taxpayer's gross income tax liability for the
- 28 taxable year.
- 29 (2) Second, against the taxpayer's adjusted gross income tax
- 30 liability for the taxable year.
- 31 ~~(3) Third, against the taxpayer's supplemental net income tax~~
- 32 ~~liability for the taxable year.~~
- 33 (b) A taxpayer that is subject to the financial institutions tax may
- 34 apply the credit provided by this chapter against the taxpayer's financial
- 35 institutions tax liability for the taxable year.
- 36 SECTION 90. IC 6-3.1-4-1 IS AMENDED TO READ AS
- 37 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this
- 38 chapter:

1 "Base amount" means base amount (as defined in Section 41(c) of
2 the Internal Revenue Code **as in effect on January 1, 2001**).

3 "Base period Indiana qualified research expense" means base period
4 research expense that is incurred for research conducted in Indiana.

5 "Base period research expense" means base period research expense
6 (as defined in Section 41(c) of the Internal Revenue Code before
7 January 1, 1990).

8 "Indiana qualified research expense" means qualified research
9 expense that is incurred for research conducted in Indiana.

10 "Qualified research expense" means qualified research expense (as
11 defined in Section 41(b) of the Internal Revenue Code **as in effect on**
12 **January 1, 2001**).

13 "Pass through entity" means:

14 (1) a corporation that is exempt from the adjusted gross income tax
15 under IC 6-3-2-2.8(2);

16 (2) a partnership;

17 (3) a limited liability company; or

18 (4) a limited liability partnership.

19 "Research expense tax credit" means a credit provided under this
20 chapter against any tax otherwise due and payable under IC 6-2.1 or
21 IC 6-3.

22 "Taxpayer" means an individual, a corporation, a limited liability
23 company, a limited liability partnership, a trust, or a partnership.

24 SECTION 91. IC 6-3.1-4-1 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this
26 chapter:

27 "Base amount" means base amount (as defined in Section 41(c) of
28 the Internal Revenue Code).

29 "Base period Indiana qualified research expense" means base period
30 research expense that is incurred for research conducted in Indiana.

31 "Base period research expense" means base period research expense
32 (as defined in Section 41(c) of the Internal Revenue Code before
33 January 1, 1990).

34 "Indiana qualified research expense" means qualified research
35 expense that is incurred for research conducted in Indiana.

36 "Qualified research expense" means qualified research expense (as
37 defined in Section 41(b) of the Internal Revenue Code).

38 "Pass through entity" means:

(1) a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) a partnership;

(3) a limited liability company; or

(4) a limited liability partnership.

"Research expense tax credit" means a credit provided under this chapter against any tax otherwise due and payable under ~~IC 6-2-1 or~~ IC 6-3.

"Taxpayer" means an individual, a corporation, a limited liability company, a limited liability partnership, a trust, or a partnership **that has any tax liability under IC 6-3 (adjusted gross income tax).**

SECTION 92. IC 6-3.1-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. ~~(a)~~ A taxpayer who incurs Indiana qualified research expense in a particular taxable year is entitled to a research expense tax credit for the taxable year

~~(b) A taxpayer who does not have income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year~~ in the amount of the product of:

(1) ~~five ten~~ percent ~~(5%)~~; **(10%)**; multiplied by

(2) the remainder of the taxpayer's Indiana qualified research expenses for the taxable year, minus:

(A) the taxpayer's base period Indiana qualified research expenses, for taxable years beginning before January 1, 1990; or

(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989.

~~(c) A taxpayer who has income apportioned to this state for a taxable year under IC 6-3-2-2 is entitled to a research expense tax credit for the taxable year in the amount of the lesser of:~~

~~(1) the amount determined under subsection (b); or~~

~~(2) five percent (5%) multiplied by the remainder of the taxpayer's total qualified research expenses for the taxable year; minus:~~

~~(A) the taxpayer's base period research expenses, for taxable years beginning before January 1, 1990; or~~

~~(B) the taxpayer's base amount, for taxable years beginning after December 31, 1989;~~

further multiplied by the percentage determined under IC 6-3-2-2 for the apportionment of the taxpayer's income for the taxable year to this state.

SECTION 93. IC 6-3.1-4-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) The amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the sum of the taxes imposed by ~~IC 6-2.1 and~~ IC 6-3 for the taxable year after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter. If the credit provided by this chapter exceeds that sum for the taxable year for which the credit is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the tax otherwise due and payable by the taxpayer under ~~IC 6-2.1 or~~ IC 6-3 during those taxable years. Each time that the credit is carried over to a succeeding taxable year, it is to be reduced by the amount which was used as a credit during the immediately preceding taxable year. The credit provided by this chapter may be carried forward and applied to succeeding taxable years for fifteen (15) taxable years following the unused credit year.

(b) A credit earned by a taxpayer in a particular taxable year shall be applied against the taxpayer's tax liability for that taxable year before any credit carryover is applied against that liability under subsection (a).

(c) A taxpayer is not entitled to any carryback or refund of any unused credit.

SECTION 94. IC 6-3.1-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The provisions of Section 41 of the Internal Revenue Code **as in effect on January 1, 2001**, and the regulations promulgated in respect to those provisions **and in effect on January 1, 2001**, are applicable to the interpretation and administration by the department of the credit provided by this chapter, including the allocation and pass through of the credit to various taxpayers and the transitional rules for determination of the base period.

SECTION 95. IC 6-3.1-4-6, AS AMENDED BY P.L.4-2000, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 6. ~~Notwithstanding the other provisions of this chapter, a taxpayer is not entitled to a credit for Indiana qualified research expense incurred after December 31, 2002.~~ Notwithstanding Section 41 of the Internal Revenue Code, the termination date in Section 41(h) of the Internal Revenue Code does not apply to a

1 taxpayer who is eligible for the credit under this chapter for the taxable
2 year in which the Indiana qualified research expense is incurred.

3 SECTION 96. IC 6-3.1-5-2 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. As used in this
5 chapter:

6 "New partnership interest" means a general or a limited partnership
7 interest in a limited partnership if the interest is acquired by the
8 taxpayer from the limited partnership.

9 "New stock" means a share of stock of a corporation if the stock, when
10 purchased by the taxpayer, is authorized but unissued.

11 "Qualified entity" means the state corporation or other corporation or
12 limited partnership in which the state corporation purchases, before
13 January 1, 1984, new stock or a new partnership interest under section
14 7(d) of this chapter.

15 "Qualified investment" means new stock or a new partnership interest
16 in a qualified entity, if the new stock or the new partnership interest is
17 purchased by the taxpayer solely for cash.

18 "State corporation" means the corporation organized under sections 7
19 and 8 of this chapter.

20 "State tax liability" means a taxpayer's total tax liability that is incurred
21 under:

- 22 (1) IC 6-2.1 (the gross income tax);
- 23 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- 24 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
- 25 ~~(4) IC 6-5-10 (the bank tax);~~
- 26 ~~(5) IC 6-5-11 (the savings and loan association tax);~~
- 27 ~~(6) (3) IC 27-1-18-2 (the insurance premiums tax); and~~
- 28 ~~(7) (4) IC 6-5.5 (the financial institutions tax);~~

29 as computed after the application of the credits that under IC 6-3.1-1-2
30 are to be applied before the credit provided by this chapter.

31 "Taxpayer" means any person, corporation, partnership, or other entity
32 that has any state tax liability.

33 SECTION 97. IC 6-3.1-5-9 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. The state
35 corporation is exempt from all state tax levies, including but not limited
36 to the gross income tax (IC 6-2.1), state gross retail tax (IC 6-2.5), use
37 tax (IC 6-2.5-3), **and** adjusted gross income tax (IC 6-3-1 through
38 IC 6-3-7). ~~and the supplemental net income tax (IC 6-3-8).~~ However,

the state corporation is not exempt from employment taxes or taxes imposed by a county or by a municipal corporation.

SECTION 98. IC 6-3.1-5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except as provided in subsection (b), income that is received by a taxpayer **that is a corporation (as defined in IC 6-3-1-10)** by reason of ownership of a qualified investment is exempt from gross income tax (IC 6-2.1) **and** adjusted gross income tax (IC 6-3-1 through IC 6-3-7). ~~and supplemental net income tax (IC 6-3-8).~~

(b) The exemption provided under subsection (a) shall not apply to any income realized by reason of the sale or other disposition of the qualified investment.

SECTION 99. IC 6-3.1-5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. A taxpayer is exempt from a tax to the extent that the tax is based on or measured by a qualified investment, including but not limited to a tax which might otherwise be imposed with respect to the qualified investment. ~~under the bank tax (IC 6-5-10) or the savings and loan association tax (IC 6-5-11).~~

SECTION 100. IC 6-3.1-5-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 13. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third**, against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a

1 taxpayer is entitled under this chapter.

2 (c) A taxpayer that is subject to the financial institutions tax may
3 apply the credit provided by this chapter against the taxpayer's financial
4 institutions tax liability for the taxable year.

5 SECTION 101. IC 6-3.1-6-3 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. The department
7 shall apply a credit to which a taxpayer is entitled under this chapter in
8 the following manner:

9 (1) First, against the taxpayer's gross income tax liability for the
10 taxable year.

11 (2) Second, against the taxpayer's adjusted gross income tax
12 liability for the taxable year.

13 ~~(3) Third, against the taxpayer's supplemental net income tax~~
14 ~~liability for the taxable year.~~

15 SECTION 102. IC 6-3.1-7-1, AS AMENDED BY P.L.120-1999,
16 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JANUARY 1, 2004]: Sec. 1. As used in this chapter:

18 "Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

19 "Pass through entity" means a:

20 (1) corporation that is exempt from the adjusted gross income tax
21 under IC 6-3-2-2.8(2);

22 (2) partnership;

23 (3) trust;

24 (4) limited liability company; or

25 (5) limited liability partnership.

26 "Qualified loan" means a loan made to an entity that uses the loan
27 proceeds for:

28 (1) a purpose that is directly related to a business located in an
29 enterprise zone;

30 (2) an improvement that increases the assessed value of real
31 property located in an enterprise zone; or

32 (3) rehabilitation, repair, or improvement of a residence.

33 "State tax liability" means a taxpayer's total tax liability that is
34 incurred under:

35 (1) IC 6-2.1 (the gross income tax);

36 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

37 ~~(3) IC 6-3-8 (the supplemental net income tax);~~

38 ~~(4) IC 6-5-10 (the bank tax);~~

~~(5) IC 6-5-11 (the savings and loan association tax);~~

~~(6)~~ **(3)** IC 27-1-18-2 (the insurance premiums tax); and

~~(7)~~ **(4)** IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Taxpayer" means any person, corporation, limited liability company, partnership, or other entity that has any state tax liability. The term includes a pass through entity.

SECTION 103. IC 6-3.1-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

~~(3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(4) Fourth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.~~

~~(5) Fifth,~~ **(3) Third**, against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(4) Fourth, against the taxpayer's financial institutions tax liability (IC 6-5.5) for the taxable year.

(b) If the tax paid by the taxpayer under a tax provision listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 104. IC 6-3.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this chapter:

"Business firm" means any business entity authorized to do business in the state of Indiana that ~~is:~~

~~(1) subject to the gross; adjusted gross; supplemental net income; or financial institutions tax;~~

(2) ~~an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or~~
 (3) ~~a partnership.~~ **has state tax liability.**

"Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

"Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

"Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the department of commerce after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

"Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables him to prepare himself for better life opportunities.

"Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

"Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables him to acquire vocational skills so that he can become employable or be able to seek a higher grade of employment.

"Neighborhood assistance" means either:

(1) furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or

(2) furnishing technical advice to promote higher employment in any neighborhood in Indiana.

"Neighborhood organization" means any organization, including but not limited to a nonprofit development corporation:

(1) performing community services in an economically disadvantaged area; and

(2) holding a ruling:

(A) from the Internal Revenue Service of the United States

- 1 Department of the Treasury that the organization is exempt from
 2 income taxation under the provisions of the Internal Revenue
 3 Code; and
 4 (B) from the department of state revenue that the organization is
 5 exempt from income taxation under IC 6-2.1-3-20.
- 6 "Person" means any individual subject to Indiana gross or adjusted
 7 gross income tax.
- 8 "State fiscal year" means a twelve (12) month period beginning on July
 9 1 and ending on June 30.
- 10 **"State tax liability" means the taxpayer's total tax liability that is**
 11 **incurred under:**
- 12 (1) IC 6-2.1 (gross income tax);
 13 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
 14 and
 15 (3) IC 6-5.5 (the financial institutions tax);
- 16 **as computed after the application of the credits that, under**
 17 **IC6-3.1-1-2, are to be applied before the credit provided by this**
 18 **chapter.**
- 19 "Tax credit" means a deduction from any tax otherwise due and
 20 payable under IC 6-2.1, IC 6-3, or IC 6-5.5.
- 21 SECTION 105. IC 6-3.1-9-3 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. (a) Subject to
 23 the limitations provided in subsection (b) and sections 4, 5, and 6 of
 24 this chapter, the department shall grant a tax credit against any ~~gross,~~
 25 ~~adjusted gross or supplemental net income state~~ **tax liability** due equal
 26 to fifty percent (50%) of the amount invested by a business firm or
 27 person in a program the proposal for which was approved under section
 28 2 of this chapter.
- 29 (b) The credit provided by this chapter shall only be applied against
 30 any ~~income state~~ tax liability owed by the taxpayer after the application
 31 of any credits, which under IC 6-3.1-1-2 must be applied before the
 32 credit provided by this chapter. In addition, the tax credit which a
 33 taxpayer receives under this chapter may not exceed twenty-five
 34 thousand dollars (\$25,000) for any taxable year of the taxpayer.
- 35 (c) If a business firm that is:
 36 (1) exempt from adjusted gross income tax (IC 6-3-1 through
 37 IC 6-3-7) under IC 6-3-2-2.8(2); or
 38 (2) a partnership;

does not have any tax liability against which the credit provided by this section may be applied, a shareholder or a partner of the business firm is entitled to a credit against the shareholder's or the partner's liability under the adjusted gross income tax.

(d) The amount of the credit provided by this section is equal to:

(1) the tax credit determined for the business firm for the taxable year under subsection (a); multiplied by

(2) the percentage of the business firm's distributive income to which the shareholder or the partner is entitled.

The credit provided by this section is in addition to any credit to which a shareholder or partner is otherwise entitled under this chapter. However, a business firm and a shareholder or partner of that business firm may not claim a credit under this chapter for the same investment.

SECTION 106. IC 6-3.1-11-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(3) ~~IC 6-3-8 (the supplemental net income tax);~~

(4) ~~IC 6-5-10 (the bank tax);~~

(5) ~~IC 6-5-11 (the savings and loan association tax);~~

(6) (3) IC 27-1-18-2 (the insurance premiums tax); and

(7) (4) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

SECTION 107. IC 6-3.1-11-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 22. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

(3) ~~Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

(4) ~~Against the taxpayer's bank tax liability (IC 6-5-10) or savings~~

1 ~~and loan association tax liability (IC 6-5-11) for the taxable year.~~

2 ~~(5)~~ (3) Against the taxpayer's insurance premiums tax liability (IC
3 27-1-18-2) for the taxable year.

4 ~~(6)~~ (4) Against the taxpayer's financial institutions tax (IC 6-5.5)
5 for the taxable year.

6 (b) Whenever the tax paid by the taxpayer under any of the tax
7 provisions listed in subsection (a) is a credit against the liability or a
8 deduction in determining the tax base under another Indiana tax
9 provision, the credit or deduction shall be computed without regard to
10 the credit to which a taxpayer is entitled under this chapter.

11 SECTION 108. IC 6-3.1-11.5-14 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. As used in
13 this chapter, "state tax liability" means the taxpayer's total tax liability
14 that is incurred under:

15 (1) IC 6-2.1 (the gross income tax);

16 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

17 ~~(3) IC 6-3-8 (the supplemental net income tax);~~

18 ~~(4) IC 6-5-10 (the bank tax);~~

19 ~~(5) IC 6-5-11 (the savings and loan association tax);~~

20 ~~(6)~~ (3) IC 27-1-18-2 (the insurance premiums tax); and

21 ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax);

22 as computed after the application of the credits that, under
23 IC 6-3.1-1-2, are to be applied before the credit provided by this
24 chapter.

25 SECTION 109. IC 6-3.1-11.5-24 IS AMENDED TO READ AS
26 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. (a) A credit
27 to which a taxpayer is entitled under this chapter shall be applied
28 against taxes owed by the taxpayer in the following order:

29 (1) Against the taxpayer's gross income tax liability (IC 6-2.1) for
30 the taxable year.

31 (2) Against the taxpayer's adjusted gross income tax liability
32 (IC 6-3-1 through IC 6-3-7) for the taxable year.

33 ~~(3) Against the taxpayer's supplemental net income tax liability~~
34 ~~(IC 6-3-8) for the taxable year.~~

35 ~~(4) Against the taxpayer's bank tax liability (IC 6-5-10) or savings~~
36 ~~and loan association tax liability (IC 6-5-11) for the taxable year.~~

37 ~~(5)~~ (3) Against the taxpayer's insurance premiums tax liability
38 (IC 27-1-18-2) for the taxable year.

~~(6)~~ (4) Against the taxpayer's financial institutions tax (IC 6-5.5) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

SECTION 110. IC 6-3.1-13-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- ~~(3) IC 6-3-8 (the supplemental net income tax);~~
- ~~(4) IC 6-5-10 (the bank tax);~~
- ~~(5) IC 6-5-11 (the savings and loan association tax);~~
- ~~(6)~~ (3) IC 27-1-18-2 (the insurance premiums tax); and
- ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 111. IC 6-3.1-13.5-4, AS ADDED BY P.L.291-2001, SECTION 177, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- ~~(3) IC 6-3-8 (the supplemental net income tax);~~
- ~~(4) IC 6-5-10 (the bank tax);~~
- ~~(5) IC 6-5-11 (the savings and loan association tax);~~
- ~~(6)~~ (3) IC 27-1-18-2 (the insurance premiums tax); and
- ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 112. IC 6-3.1-14-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The department of state revenue shall apply a credit to which a taxpayer is entitled under this chapter in the following manner:

(1) First, against the taxpayer's gross income tax liability (IC 6-2.1-1) for the taxable year.

(2) Second, ~~against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.~~

~~(3) Third,~~ against the taxpayer's adjusted gross income liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

SECTION 113. IC 6-3.1-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

~~(3) IC 6-3-8 (the supplemental net income tax);~~

~~(4) IC 6-5-10 (the bank tax);~~

~~(5) IC 6-5-11 (the savings and loan association tax);~~

~~(6) (3)~~ IC 6-5.5 (the financial institutions tax); and

~~(7) (4)~~ IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 114. IC 6-3.1-16-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability incurred under

(1) IC 6-2.1 (the gross income tax); **and**

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) **and**

~~(3) IC 6-3-8 (the supplemental net income tax);~~

as computed after the application of all credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 115. IC 6-3.1-17-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

~~(3) IC 6-3-8 (the supplemental net income tax);~~

~~(4) IC 6-5-10 (the bank tax);~~

~~(5) IC 6-5-11 (the savings and loan association tax);~~

~~(6) (3)~~ IC 27-1-18-2 (the insurance premiums tax);

1 ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax); and
 2 ~~(8)~~ (5) IC 6-2.5 (state gross retail and use tax);
 3 as computed after the application of the credits that under IC 6-3.1-1-2
 4 are to be applied before the credit provided by this chapter.

5 SECTION 116. IC 6-3.1-18-5 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. As used in this
 7 chapter, "state tax liability" means a taxpayer's total tax liability
 8 incurred under:

9 (1) IC 6-2.1 (the gross income tax);
 10 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); **and**
 11 ~~(3) IC 6-3-8 (the supplemental corporate net income tax); and~~
 12 ~~(4)~~ (3) IC 6-5.5 (the financial institutions tax);
 13 as computed after the application of all credits that under IC 6-3.1-1-2
 14 are to be applied before the credit provided by this chapter.

15 SECTION 117. IC 6-3.1-18-6, AS AMENDED BY P.L.4-1999,
 16 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JANUARY 1, 2004]: Sec. 6. (a) Subject to the limitations provided in
 18 subsection (b) and sections 7, 8, 9, 10, and 11 of this chapter, the
 19 department shall grant a tax credit against any ~~gross; adjusted gross or~~
 20 ~~supplemental net income state tax liability~~ due equal to fifty percent
 21 (50%) of the amount contributed by a person or an individual to a fund
 22 if the contribution is not less than one hundred dollars (\$100) and not
 23 more than fifty thousand dollars (\$50,000).

24 (b) The credit provided by this chapter shall only be applied against
 25 any ~~income state~~ tax liability owed by the taxpayer after the application
 26 of any credits that under IC 6-3.1-1-2 must be applied before the credit
 27 provided by this chapter.

28 SECTION 118. IC 6-3.1-19-1 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. As used in this
 30 chapter, "state and local tax liability" means a taxpayer's total tax
 31 liability incurred under:

32 (1) IC 6-2.1 (the gross income tax);
 33 (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
 34 ~~(3) IC 6-3-8 (the supplemental net income tax);~~
 35 ~~(4)~~ (3) IC 6-3.5-1.1 (county adjusted gross income tax);
 36 ~~(5)~~ (4) IC 6-3.5-6 (county option income tax);
 37 ~~(6)~~ (5) IC 6-3.5-7 (county economic development income tax);
 38 ~~(7) IC 6-5-10 (the bank tax);~~

1 ~~(8) IC 6-5-11 (the savings and loan association tax);~~

2 ~~(9)~~ (6) IC 6-5.5 (the financial institutions tax); and

3 ~~(10)~~ (7) IC 27-1-18-2 (the insurance premiums tax);

4 as computed after the application of all credits that under IC 6-3.1-1-2
5 are to be applied before the credit provided by this chapter.

6 SECTION 119. IC 6-3.1-21-6, AS ADDED BY P.L.273-1999,
7 SECTION 227, IS AMENDED TO READ AS FOLLOWS
8 [EFFECTIVE JANUARY 1, 2004]: Sec. 6. ~~The~~ (a) **An individual who**
9 **is eligible for an earned income tax credit under Section 32 of the**
10 **Internal Revenue Code is eligible for a credit authorized under**
11 **section 5 of this chapter is equal to three and four-tenths eight percent**
12 **(3.4%) (8%) of (+) twelve thousand dollars (\$12,000); minus (2) the**
13 **amount of the individual's Indiana total income; federal earned**
14 **income tax credit that the individual:**

15 (1) **is eligible to receive in the taxable year; and**

16 (2) **claimed for the taxable year;**

17 **under Section 32 of the Internal Revenue Code.**

18 (b) If the credit amount exceeds the taxpayer's adjusted gross income
19 tax liability for the taxable year, the excess shall be refunded to the
20 taxpayer.

21 SECTION 120. IC 6-3.1-22.2-3, AS ADDED BY P.L.291-2001,
22 SECTION 149, IS AMENDED TO READ AS FOLLOWS
23 [EFFECTIVE JANUARY 1, 2004]: Sec. 3. As used in this chapter,
24 "state tax liability" means a taxpayer's total tax liability that is incurred
25 under:

26 (1) IC 6-2.1 (the gross income tax);

27 (2) IC 6-2.5 (state gross retail and use tax);

28 (3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

29 ~~(4) IC 6-3-8 (the supplemental corporate net income tax);~~

30 ~~(5) IC 6-5-10 (the bank tax);~~

31 ~~(6) IC 6-5-11 (the savings and loan association tax);~~

32 ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax); and

33 ~~(8)~~ (5) IC 27-1-18-2 (the insurance premiums tax);

34 as computed after the application of the credits that under IC 6-3.1-1-2
35 are to be applied before the credit provided by this chapter.

36 SECTION 121. IC 6-3.1-23-4, AS ADDED BY P.L.109-2001,
37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax

liability" means a taxpayer's total tax liability incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-2.5 (the state gross retail and use tax);
- ~~(3)~~ (3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- ~~(4)~~ IC 6-3-8 (the supplemental net income tax);
- ~~(5)~~ IC 6-5-10 (the bank tax);
- ~~(6)~~ IC 6-5-11 (the savings and loan association tax);
- ~~(7)~~ (4) IC 6-5.5 (the financial institutions tax); and
- ~~(8)~~ (5) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 122. IC 6-3.1-23.8-4, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- ~~(3)~~ IC 6-3-8 (supplemental net income tax);
- ~~(4)~~ (3) IC 6-5.5 (financial institutions tax); and
- ~~(5)~~ (4) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

SECTION 123. IC 6-3.1-23.8-6, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) Except as provided in this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year for the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property. ~~with an assessed value equal to the lesser of:~~

- ~~(1) the assessed value of the person's business personal property;~~
- ~~or~~
- ~~(2) an assessed value of thirty-seven thousand five hundred dollars (\$37,500);~~

A taxpayer is entitled to only one (1) credit under this chapter each taxable year.

(b) An affiliated group that files a consolidated return under ~~IC 6-2-1-5-5~~ IC 6-3-4-14 is entitled to only one (1) credit under this

chapter each taxable year on that consolidated return. A taxpayer that is a partnership, joint venture, or pool is entitled to only one (1) credit under this chapter each taxable year, regardless of the number of partners or participants in the organization.

(c) A utility company is not entitled to claim the credit under this chapter.

SECTION 124. IC 6-3.1-23.8-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: **Sec. 6.5. The amount of the credit to which a taxpayer is entitled under section 6 of this chapter equals the amount determined in STEP SIX of the following formula:**

STEP ONE: Determine the assessed value for ad valorem property taxes paid by the taxpayer in the taxable year of the taxpayer's business personal property that is not inventory (as defined in IC 6-1.1-3-11).

STEP TWO: Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on business personal property with an assessed value equal to the lesser of:

(A) the assessed value of the person's business personal property determined under STEP ONE; or

(B) thirty-seven thousand five hundred dollars (\$37,500).

STEP THREE: Determine the assessed value for ad valorem property taxes paid by the taxpayer for the taxable year of the taxpayer's business personal property that is inventory (as defined in IC 6-1.1-3-11).

STEP FOUR: Determine the net ad valorem property taxes paid by the taxpayer in the taxable year on inventory (as defined in IC 6-1.1-3-11) with an assessed value equal to the lesser of:

(A) the assessed value of the person's inventory determined under STEP THREE; or

(B) the greater of:

(i) zero (0); or

(ii) the remainder of thirty-seven thousand five hundred dollars (\$37,500) minus the STEP ONE result.

STEP FIVE: Determine the greater of:

(A) zero (0); or

(B) fifty percent (50%) of the net ad valorem property taxes paid by the taxpayer in the taxable year on the assessed value of the remainder of the assessed value of the taxpayer's inventory (as defined in IC 6-1.1-3-11) in the taxable year minus the assessed value of the taxpayer's inventory used to compute the STEP FOUR result.

STEP SIX: Determine the sum of the STEP TWO result, the STEP FOUR result, and the STEP FIVE result.

SECTION 125. IC 6-3.1-23.8-7, AS ADDED BY P.L.291-2001, SECTION 122, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. If the amount of the credit determined under section ~~7~~ **6.5** of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

SECTION 126. IC 6-3.1-24 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]:

Chapter 24. Investment Tax Credit

Sec. 1. As used in this chapter, "assessed value" means the assessed value determined under IC 6-1.1-3.

Sec. 2. As used in this chapter, "business personal property" means tangible property (other than real property) that:

- (1) was first reported by the taxpayer on a personal property tax return filed for the assessment date of 2002 or a later year;
- (2) was never before used by the taxpayer for any purpose in Indiana;
- (3) was acquired in a bona fide, good faith transaction, negotiated at arm's length, between parties under separate ownership and control; and
- (4) is being held or used in connection with the production of income and is property for which depreciation is allowed for federal income tax purposes, with a useful life of at least three (3) years.

The term does not include inventory (as defined in IC 6-1.1-3-11).

1 **Sec. 3.** As used in this chapter, "net ad valorem property taxes"
 2 means the amount of property taxes paid by a taxpayer for a
 3 particular calendar year after the application of all property tax
 4 deductions and property tax credits.

5 **Sec. 4.** As used in this chapter, "pass through entity" means:

- 6 (1) a corporation that is exempt from the adjusted gross
- 7 income tax under IC 6-3-2-2.8(2);
- 8 (2) a partnership;
- 9 (3) a trust;
- 10 (4) a limited liability company; or
- 11 (5) a limited liability partnership.

12 **Sec. 5.** As used in this chapter, "state tax liability" means a
 13 taxpayer's total tax liability that is incurred under:

- 14 (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- 15 (2) IC 6-5.5 (financial institutions tax); and
- 16 (3) IC 27-1-18-2 (insurance premiums tax);

17 as computed after the application of the credits that under
 18 IC 6-3.1-1-2 are to be applied before the credit provided by this
 19 chapter.

20 **Sec. 6.** As used in this chapter, "taxpayer" means an individual
 21 or entity that has state tax liability.

22 **Sec. 7.** (a) Except as provided in this chapter, a taxpayer that
 23 purchases business personal property is entitled to a credit against
 24 the taxpayer's state tax liability for a taxable year for the net ad
 25 valorem property taxes on that property paid by the taxpayer by
 26 the installment due date under IC 6-1.1-22-9 in the taxable year
 27 with respect to the first or second assessment date the property is
 28 subject to assessment under IC 6-1.1. The amount of the credit is
 29 determined as follows:

- 30 (1) For a taxable year in which the property tax is paid with
- 31 respect to the first assessment date the property is subject to
- 32 assessment under IC 6-1.1, the credit is equal to fifteen percent
- 33 (15%) of the net ad valorem property taxes paid on the
- 34 property in that taxable year.
- 35 (2) For a taxable year in which the property tax is paid with
- 36 respect to the second assessment date the property is subject to
- 37 assessment under IC 6-1.1, the credit is equal to ten percent
- 38 (10%) of the net ad valorem property taxes paid on the

1 property in that year.

2 (b) A taxpayer that receives a credit for a qualified investment
3 under IC 6-3.1-13.5 is not entitled to a credit under this chapter for
4 ad valorem property taxes paid on the property that constitutes the
5 qualified investment.

6 (c) A taxpayer that receives a credit for ad valorem property
7 taxes under IC 6-3.1-22.2 is not entitled to a credit under this
8 chapter for personal property with respect to which a credit was
9 granted under IC 6-3.1-22.2.

10 Sec. 8. If the amount of the credit determined under section 7 of
11 this chapter for a taxpayer in a taxable year exceeds the taxpayer's
12 state tax liability for that taxable year, the excess shall be refunded
13 to the taxpayer.

14 Sec. 9. If a pass through entity does not have state income tax
15 liability against which the tax credit may be applied, a shareholder
16 or partner of the pass through entity is entitled to a tax credit equal
17 to:

18 (1) the tax credit determined for the pass through entity for the
19 taxable year; multiplied by

20 (2) the percentage of the pass through entity's distributive
21 income to which the shareholder or partner is entitled.

22 Sec. 10. (a) To receive the credit provided by this chapter, a
23 taxpayer must claim the credit on the taxpayer's state tax return
24 or returns in the manner prescribed by the department. The
25 taxpayer shall submit to the department proof of payment of an ad
26 valorem property tax and all information that the department
27 determines is necessary for the calculation of the credit provided
28 by this chapter.

29 (b) If the department determines that property taxes for which
30 a credit was granted under this chapter have been reduced, the
31 department shall make an assessment against the taxpayer under
32 IC 6-8.1 equal to the difference between:

33 (1) the amount of the credit that was granted under this
34 chapter; and

35 (2) the amount of the credit that would have been granted
36 under this chapter if the property tax reduction had been in
37 effect at the time the credit was granted under this chapter.

38 SECTION 127. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE

1 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
2 JANUARY 1, 2004]:

3 **Chapter 25. Headquarters Relocation Tax Credit**

4 **Sec. 1. As used in this chapter, "corporate headquarters" means**
5 **the building or buildings where:**

6 (1) the principal offices of the principal executive officers of an
7 eligible business are located; and

8 (2) at least two hundred fifty (250) employees are employed.

9 **Sec. 2. As used in this chapter, "eligible business" means a**
10 **business that:**

11 (1) is engaged in either interstate or intrastate commerce;

12 (2) maintains a corporate headquarters in a state other than
13 Indiana as of January 1, 2003;

14 (3) had annual worldwide revenues of at least twenty-five
15 billion dollars (\$25,000,000,000) for the year immediately
16 preceding the business's application for a tax credit under
17 section 12 of this chapter; and

18 (4) is prepared to commit contractually to relocating its
19 corporate headquarters to Indiana.

20 **Sec. 3. As used in this chapter, "pass through entity" means:**

21 (1) a corporation that is exempt from the adjusted gross
22 income tax under IC 6-3-2-2.8(2);

23 (2) a partnership;

24 (3) a limited liability company; or

25 (4) a limited liability partnership.

26 **Sec. 4. As used in this chapter, "qualifying project" means the**
27 **relocation of the corporate headquarters of an eligible business**
28 **from a location outside Indiana to a location in Indiana.**

29 **Sec. 5. As used in this chapter, "relocation costs" means the**
30 **reasonable and necessary expenses incurred by an eligible business**
31 **for a qualifying project. The term includes:**

32 (1) moving costs and related expenses;

33 (2) the purchase of new or replacement equipment;

34 (3) capital investment costs; and

35 (4) property assembly and development costs, including:

36 (A) the purchase, lease, or construction of buildings and
37 land;

38 (B) infrastructure improvements; and

1 (C) site development costs.
 2 The term does not include any costs that do not directly result from
 3 the relocation of the business to a location in Indiana.

4 Sec. 6. As used in this chapter, "state tax liability" means a
 5 taxpayer's total tax liability that is incurred under:

- 6 (1) IC 6-2.1 (the gross income tax);
- 7 (2) IC 6-2.5 (state gross retail and use tax);
- 8 (3) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- 9 (4) IC 6-3-8 (the supplemental corporate net income tax);
- 10 (5) IC 6-5-10 (the bank tax);
- 11 (6) IC 6-5-11 (the savings and loan association tax);
- 12 (7) IC 6-5.5 (the financial institutions tax); and
- 13 (8) IC 27-1-18-2 (the insurance premiums tax);

14 as computed after the application of the credits that under
 15 IC 6-3.1-1-2 are to be applied before the credit provided by this
 16 chapter.

17 Sec. 7. As used in this chapter, "taxpayer" means an individual
 18 or entity that has any state tax liability.

19 Sec. 8. A taxpayer that:

- 20 (1) is an eligible business;
- 21 (2) completes a qualifying project; and
- 22 (3) incurs relocation costs;

23 is entitled to a credit against the person's state tax liability for the
 24 taxable year in which the relocation costs are incurred. The credit
 25 allowed under this section is equal to the amount determined under
 26 section 9 of this chapter.

27 Sec. 9. (a) Subject to subsection (b), the amount of the credit to
 28 which a taxpayer is entitled under section 8 of this chapter equals
 29 the product of:

- 30 (1) fifty percent (50%); multiplied by
- 31 (2) the amount of the taxpayer's relocation costs in the taxable
 32 year.

33 (b) The credit to which a taxpayer is entitled under section 8 of
 34 this chapter may not reduce the taxpayer's state tax liability below
 35 the amount of the taxpayer's state tax liability in the taxable year
 36 immediately preceding the taxable year in which the taxpayer first
 37 incurred relocation costs.

38 Sec. 10. If a pass through entity is entitled to a credit under

1 section 8 of this chapter but does not have state tax liability against
2 which the tax credit may be applied, a shareholder, partner, or
3 member of the pass through entity is entitled to a tax credit equal
4 to:

5 (1) the tax credit determined for the pass through entity for the
6 taxable year; multiplied by

7 (2) the percentage of the pass through entity's distributive
8 income to which the shareholder, partner, or member is
9 entitled.

10 **Sec. 11.** The total value of a tax credit under this chapter shall be
11 divided equally over ten (10) years, beginning with the year in
12 which the credit is granted. If the amount of credit provided under
13 this chapter for a taxpayer in a taxable year exceeds the taxpayer's
14 state tax liability for that taxable year, the taxpayer may carry the
15 excess over to subsequent taxable years. The amount of the credit
16 carryover from a taxable year shall be reduced to the extent that
17 the carryover is used by the taxpayer to obtain a credit under this
18 chapter for any subsequent taxable year.

19 **Sec. 12.** To receive the credit provided by this chapter, a taxpayer
20 must claim the credit on the taxpayer's state tax return or returns
21 in the manner prescribed by the department. The taxpayer shall
22 submit to the department proof of the taxpayer's relocation costs
23 and all information that the department determines is necessary
24 for the calculation of the credit provided by this chapter.

25 **Sec. 13.** In determining whether an expense of the eligible
26 business directly resulted from the relocation of the business, the
27 department shall consider whether the expense would likely have
28 been incurred by the eligible business if the business had not
29 relocated from its original location.

30 SECTION 128. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. (a) In
32 determining the amount of property tax replacement credits civil taxing
33 units and school corporations of a county are entitled to receive during
34 a calendar year, the state board of tax commissioners shall consider
35 only property taxes imposed on tangible property that was assessed in
36 that county.

37 (b) If a civil taxing unit or a school corporation is located in more
38 than one (1) county and receives property tax replacement credits from

one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, **school bus replacement fund**, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all five (5) funds in proportion to the levy for each fund.

SECTION 129. IC 6-3.5-1.1-15, AS AMENDED BY P.L.283-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the ad valorem property tax levy of the civil taxing unit that is currently being collected at the time the allocation is made; plus

(2) the current ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus

(4) in the case of a county, an amount equal to

~~(A) The property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; plus~~

(B) after December 31, 2002; the greater of zero (0) or the difference between:

(i) the county hospital care for the indigent property tax levy imposed by the county in 2002; adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3; minus

(ii) the current uninsured parents program property tax levy imposed by the county; the sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 130. IC 6-3.5-2-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. The following persons are exempt from the employment tax:

(1) the United States;

- 1 (2) an agency of the United States;
- 2 (3) this state;
- 3 (4) an agency of this state;
- 4 (5) a political subdivision of this state; and
- 5 (6) a taxpayer described in ~~IC 6-2.1-3-19, IC 6-2.1-3-20,~~
- 6 ~~IC 6-2.1-3-21, and IC 6-2.1-3-22.~~ **IC 6-2.5-5-21(b)(1).**

7 However, employees of such persons are not exempt from the
8 employment tax.

9 SECTION 131. IC 6-3.5-6-17.6, AS AMENDED BY P.L.283-2001,
10 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JANUARY 1, 2004]: Sec. 17.6. (a) This section applies to a county
12 containing a consolidated city.

13 (b) On or before July 15 of each year, the budget agency shall make
14 the following calculation:

15 STEP ONE: Determine the cumulative balance in a county's
16 account established under section 16 of this chapter as of the end
17 of the current calendar year.

18 STEP TWO: Divide the amount estimated under section 17(b) of
19 this chapter before any adjustments are made under section 17(c)
20 or 17(d) of this chapter by twelve (12).

21 STEP THREE: Multiply the STEP TWO amount by three (3).

22 STEP FOUR: Subtract the amount determined in STEP THREE
23 from the amount determined in STEP ONE.

24 (c) For 1995, the budget agency shall certify the STEP FOUR amount
25 to the county auditor on or before July 15, 1994. Not later than January
26 31, 1995, the auditor of state shall distribute the STEP FOUR amount
27 to the county auditor to be used to retire outstanding obligations for a
28 qualified economic development tax project (as defined in
29 IC 36-7-27-9).

30 (d) After 1995, the STEP FOUR amount shall be distributed to the
31 county auditor in January of the ensuing calendar year. The STEP
32 FOUR amount shall be distributed by the county auditor to the civil
33 taxing units within thirty (30) days after the county auditor receives the
34 distribution. Each civil taxing unit's share equals the STEP FOUR
35 amount multiplied by the quotient of:

- 36 (1) the maximum permissible property tax levy under IC 6-1.1-18.5
37 for the civil taxing unit, plus, for a county, an amount equal to

38 ~~(A) the property taxes imposed by the county in 1999 for the~~

1 county's welfare administration fund; plus

2 (B) after December 31, 2002, the greater of zero (0) or the
3 difference between:

4 (i) the county hospital care for the indigent property tax levy
5 imposed by the county in 2002; adjusted each year after 2002
6 by the statewide average assessed value growth quotient
7 described in IC 12-16-14-3; minus

8 (ii) the current uninsured parents program property tax levy
9 imposed by the county; the sum of the county's welfare
10 revenue and human service fund revenue, as determined
11 under IC 6-1.1-44; divided by

12 (2) the sum of the maximum permissible property tax levies under
13 IC 6-1.1-18.5 for all civil taxing units of the county, plus an
14 amount equal to

15 (A) the property taxes imposed by the county in 1999 for the
16 county's welfare administration fund; plus

17 (B) after December 31, 2002, the greater of zero (0) or the
18 difference between:

19 (i) the county hospital care for the indigent property tax levy
20 imposed by the county in 2002; adjusted each year after 2002
21 by the statewide average assessed value growth quotient
22 described in IC 12-16-14-3; minus

23 (ii) the current uninsured parents program property tax levy
24 imposed by the county.

25 **sum of the county's welfare revenue and human service fund**
26 **revenue, as determined under IC 6-1.1-44.**

27 SECTION 132. IC 6-3.5-6-18, AS AMENDED BY P.L.283-2001,
28 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JANUARY 1, 2004]: Sec. 18. (a) The revenue a county auditor
30 receives under this chapter shall be used to:

31 (1) replace the amount, if any, of property tax revenue lost due to
32 the allowance of an increased homestead credit within the county;

33 (2) fund the operation of a public communications system and
34 computer facilities district as provided in an election, if any, made
35 by the county fiscal body under IC 36-8-15-19(b);

36 (3) fund the operation of a public transportation corporation as
37 provided in an election, if any, made by the county fiscal body
38 under IC 36-9-4-42;

- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction **determined as follows:**

(A) The numerator of the fraction equals the total property taxes that are first due and payable to the civil taxing unit during the calendar year in which the month falls; plus for a county, an amount equal to the property taxes imposed by the county in ~~1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county: sum of the county's welfare revenue and human service fund~~

1 **revenue, as determined under IC 6-1.1-44.**

2 **(B)** The denominator of the fraction equals the sum of the total
 3 property taxes that are first due and payable to all civil taxing
 4 units of the county during the calendar year in which the month
 5 falls, plus an amount equal to the ~~property taxes imposed by the~~
 6 ~~county in 1999 for the county's welfare fund and welfare~~
 7 ~~administration fund; and after December 31, 2002, the greater of~~
 8 ~~zero (0) or the difference between the county hospital care for~~
 9 ~~the indigent property tax levy imposed by the county in 2002;~~
 10 ~~adjusted each year after 2002 by the statewide average assessed~~
 11 ~~value growth quotient described in IC 12-16-14-3; minus the~~
 12 ~~current uninsured parents program property tax levy imposed by~~
 13 ~~the county. sum of the county's welfare revenue and human~~
 14 **service fund revenue, as determined under IC 6-1.1-44.**

15 (f) The state board of tax commissioners shall provide each county
 16 auditor with the fractional amount of distributive shares that each civil
 17 taxing unit in the auditor's county is entitled to receive monthly under
 18 this section.

19 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 20 adopting county does not impose a property tax levy that is first due
 21 and payable in a calendar year in which distributive shares are being
 22 distributed under this section, that civil taxing unit is entitled to receive
 23 a part of the revenue to be distributed as distributive shares under this
 24 section within the county. The fractional amount such a civil taxing
 25 unit is entitled to receive each month during that calendar year equals
 26 the product of the following:

27 (1) The amount to be distributed as distributive shares during that
 28 month; multiplied by

29 (2) A fraction. The numerator of the fraction equals the budget of
 30 that civil taxing unit for that calendar year. The denominator of the
 31 fraction equals the aggregate budgets of all civil taxing units of that
 32 county for that calendar year.

33 (h) If for a calendar year a civil taxing unit is allocated a part of a
 34 county's distributive shares by subsection (g), then the formula used in
 35 subsection (e) to determine all other civil taxing units' distributive
 36 shares shall be changed each month for that same year by reducing the
 37 amount to be distributed as distributive shares under subsection (e) by
 38 the amount of distributive shares allocated under subsection (g) for that

1 same month. The state board of tax commissioners shall make any
 2 adjustments required by this subsection and provide them to the
 3 appropriate county auditors.

4 (i) Notwithstanding any other law, a county fiscal body may pledge
 5 revenues received under this chapter to the payment of bonds or lease
 6 rentals to finance a qualified economic development tax project under
 7 IC 36-7-27 in that county or in any other county if the county fiscal
 8 body determines that the project will promote significant opportunities
 9 for the gainful employment or retention of employment of the county's
 10 residents.

11 SECTION 133. IC 6-3.5-6-18.5, AS AMENDED BY P.L.283-2001,
 12 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JANUARY 1, 2004]: Sec. 18.5. (a) This section applies to a county
 14 containing a consolidated city.

15 (b) Notwithstanding section 18(e) of this chapter, the distributive
 16 shares that each civil taxing unit in a county containing a consolidated
 17 city is entitled to receive during a month equals the following:

18 (1) For the calendar year beginning January 1, 1995, calculate the
 19 total amount of revenues that are to be distributed as distributive
 20 shares during that month multiplied by the following factor:

21	Center Township	.0251
22	Decatur Township	.00217
23	Franklin Township	.0023
24	Lawrence Township	.01177
25	Perry Township	.01130
26	Pike Township	.01865
27	Warren Township	.01359
28	Washington Township	.01346
29	Wayne Township	.01307
30	Lawrence-City	.00858
31	Beech Grove	.00845
32	Southport	.00025
33	Speedway	.00722
34	Indianapolis/Marion County	.86409

35 (2) Notwithstanding subdivision (1), for the calendar year
 36 beginning January 1, 1995, the distributive shares for each civil
 37 taxing unit in a county containing a consolidated city shall be not
 38 less than the following:

1	Center Township	\$1,898,145
2	Decatur Township	\$164,103
3	Franklin Township	\$173,934
4	Lawrence Township	\$890,086
5	Perry Township	\$854,544
6	Pike Township	\$1,410,375
7	Warren Township	\$1,027,721
8	Washington Township	\$1,017,890
9	Wayne Township	\$988,397
10	Lawrence-City	\$648,848
11	Beech Grove	\$639,017
12	Southport	\$18,906
13	Speedway	\$546,000

14 (3) For each year after 1995, calculate the total amount of
 15 revenues that are to be distributed as distributive shares during
 16 that month as follows:

17 STEP ONE: Determine the total amount of revenues that were
 18 distributed as distributive shares during that month in calendar
 19 year 1995.

20 STEP TWO: Determine the total amount of revenue that the
 21 department has certified as distributive shares for that month
 22 under section 17 of this chapter for the calendar year.

23 STEP THREE: Subtract the STEP ONE result from the STEP
 24 TWO result.

25 STEP FOUR: If the STEP THREE result is less than or equal to
 26 zero (0), multiply the STEP TWO result by the ratio established
 27 under subdivision (1).

28 STEP FIVE: Determine the ratio of:

29 (A) the maximum permissible property tax levy under
 30 IC 6-1.1-18.5 and IC 6-1.1-18.6 for each civil taxing unit for
 31 the calendar year in which the month falls, plus, for a county
 32 an amount equal to the ~~property taxes imposed by the~~
 33 ~~county in 1999 for the county's welfare fund and welfare~~
 34 ~~administration fund; and after December 31, 2002, the~~
 35 ~~greater of zero (0) or the difference between the county~~
 36 ~~hospital care for the indigent property tax levy imposed~~
 37 ~~by the county in 2002; adjusted each year after 2002 by~~
 38 ~~the statewide average assessed value growth quotient~~

described in IC ~~12-16-14-3~~, minus the current uninsured
 parents program property tax levy imposed by the
 county; **sum of the county's welfare revenue and
 human service fund revenue, as determined under
 IC 6-1.1-44**; divided by

(B) the sum of the maximum permissible property tax levies
 under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all civil taxing
 units of the county during the calendar year in which the
 month falls, and an amount equal to the ~~property taxes
 imposed by the county in 1999 for the county's welfare fund
 and welfare administration fund and after December 31,
 2002~~; the greater of zero (0) or the difference between the
 county hospital care for the indigent property tax levy
 imposed by the county in 2002, adjusted each year after 2002
 by the statewide average assessed value growth quotient
 described in IC ~~12-16-14-3~~, minus the current uninsured
 parents program property tax levy imposed by the county;
**sum of the county's welfare revenue and human service
 fund revenue, as determined under IC 6-1.1-44.**

STEP SIX: If the STEP THREE result is greater than zero (0),
 the STEP ONE amount shall be distributed by multiplying the
 STEP ONE amount by the ratio established under subdivision
 (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE
 ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the
 difference between the STEP SEVEN amount minus the
 product of the STEP ONE amount multiplied by the ratio
 established under subdivision (1). The STEP THREE excess
 shall be distributed as provided in STEP NINE only to the civil
 taxing units that have a STEP EIGHT difference greater than or
 equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a
 distribution under STEP EIGHT, each civil taxing unit's share
 equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under
 IC 6-1.1-18.5 and IC 6-1.1-18.6 for the qualifying civil taxing
 unit during the calendar year in which the month falls, plus,

for a county an amount equal to the ~~property taxes imposed~~
 by the county in 1999 for the county's welfare fund and
 welfare administration fund and after December 31, 2002, the
 greater of zero (0) or the difference between the county
 hospital care for the indigent property tax levy imposed by
 the county in 2002; adjusted each year after 2002 by the
 statewide average assessed value growth quotient described
 in ~~IC 12-16-14-3~~; minus the current uninsured parents
 program property tax levy imposed by the county; **sum of the**
county's welfare revenue and human service fund
revenue, as determined under IC 6-1.1-44; divided by
 (B) the sum of the maximum permissible property tax levies
 under IC 6-1.1-18.5 and IC 6-1.1-18.6 for all qualifying civil
 taxing units of the county during the calendar year in which
 the month falls, and an amount equal to the ~~property taxes~~
~~imposed by the county in 1999 for the county's welfare fund~~
~~and welfare administration fund and after December 31,~~
~~2002; the greater of zero (0) or the difference between the~~
~~county hospital care for the indigent property tax levy~~
~~imposed by the county in 2002; adjusted each year after 2002~~
~~by the statewide average assessed value growth quotient~~
~~described in IC 12-16-14-3; minus the current uninsured~~
~~parents program property tax levy imposed by the county;~~
sum of the county's welfare revenue and human service
fund revenue, as determined under IC 6-1.1-44.

SECTION 134. IC 6-3.5-7-12, AS AMENDED BY P.L.283-2001,
 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JANUARY 1, 2004]: Sec. 12. (a) Except as provided in section 23 of
 this chapter, the county auditor shall distribute in the manner specified
 in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and section 15 of
 this chapter, the amount of the certified distribution that the county and
 each city or town in a county is entitled to receive during May and
 November of each year equals the product of the following:

- (1) The amount of the certified distribution for that month;
 multiplied by
- (2) A fraction. The numerator of the fraction equals the sum of the
 following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to

(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; plus

(ii) after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county: **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; and after December 31, 2002, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county: **sum of the county's welfare revenue and human service fund revenue, as determined under IC 6-1.1-44.**

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) The amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

- 1 (A) the amount of the certified distribution for the month;
- 2 multiplied by
- 3 (B) a fraction. For a city or town, the numerator of the fraction
- 4 equals the population of the city or the town. For a county, the
- 5 numerator of the fraction equals the population of the part of
- 6 the county that is not located in a city or town. The denominator
- 7 of the fraction equals the sum of the population of all cities and
- 8 towns located in the county and the population of the part of the
- 9 county that is not located in a city or town.
- 10 (3) The ordinance may be made irrevocable for the duration of
- 11 specified lease rental or debt service payments.
- 12 (d) The body imposing the tax may not adopt an ordinance under
- 13 subsection (c) if, before the adoption of the proposed ordinance, any of
- 14 the following have pledged the county economic development income
- 15 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 16 (1) The county.
- 17 (2) A city or town in the county.
- 18 (3) A commission, a board, a department, or an authority that is
- 19 authorized by statute to pledge the county economic development
- 20 income tax.
- 21 (e) The state board of tax commissioners shall provide each county
- 22 auditor with the fractional amount of the certified distribution that the
- 23 county and each city or town in the county is entitled to receive under
- 24 this section.
- 25 (f) Money received by a county, city, or town under this section
- 26 shall be deposited in the unit's economic development income tax fund.
- 27 (g) Except as provided in subsection (b)(2)(B), in determining the
- 28 fractional amount of the certified distribution the county and its cities
- 29 and towns are entitled to receive under subsection (b) during a calendar
- 30 year, the state board of tax commissioners shall consider only property
- 31 taxes imposed on tangible property subject to assessment in that
- 32 county.
- 33 (h) In a county having a consolidated city, only the consolidated city
- 34 is entitled to the certified distribution, subject to the requirements of
- 35 section 15 of this chapter.
- 36 SECTION 135. IC 6-3.5-7-23, AS ADDED BY P.L.124-1999,
- 37 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 38 JANUARY 1, 2004]: Sec. 23. (a) This section applies only to a county

1 having a population of at least forty-five thousand (45,000) but not
2 more than forty-seven thousand (47,000).

3 (b) The county council may by ordinance determine that, in order to
4 promote the development of libraries in the county and thereby
5 encourage economic development, it is necessary to use economic
6 development income tax revenue to replace library property taxes in
7 the county. However, a county council may adopt an ordinance under
8 this subsection only if all territory in the county is included in a library
9 district.

10 (c) If the county council makes a determination under subsection
11 (b), the county council may designate the county economic
12 development income tax revenue generated by the tax rate adopted
13 under section 5 of this chapter, or revenue generated by a portion of the
14 tax rate, as revenue that will be used to replace public library property
15 taxes imposed by public libraries in the county. The county council
16 may not designate for library property tax replacement purposes any
17 county economic development income tax revenue that is generated by
18 a tax rate of more than fifteen-hundredths percent (0.15%).

19 (d) The county treasurer shall establish a library property tax
20 replacement fund to be used only for the purposes described in this
21 section. County economic development income tax revenues derived
22 from the portion of the tax rate designated for property tax replacement
23 credits under subsection (c) shall be deposited in the library property
24 tax replacement fund before certified distributions are made under
25 section 12 of this chapter.

26 (e) The amount of county economic development income tax
27 revenue dedicated to providing library property tax replacement credits
28 shall, in the manner prescribed in this section, be allocated to public
29 libraries operating in the county and shall be used by those public
30 libraries as property tax replacement credits. The amount of property
31 tax replacement credits that each public library in the county is entitled
32 to receive during a calendar year under this section equals the lesser of:

33 (1) the product of:

34 (A) the amount of revenue deposited by the county auditor in
35 the library property tax replacement fund; multiplied by

36 (B) a fraction described as follows:

37 (i) The numerator of the fraction equals the sum of the total
38 property taxes that would have been collected by the public

1 library during the previous calendar year from taxpayers
 2 located within the library district if the property tax
 3 replacement under this section had not been in effect.

4 (ii) The denominator of the fraction equals the sum of the
 5 total property taxes that would have been collected during the
 6 previous year from taxpayers located within the county by all
 7 public libraries that are eligible to receive property tax
 8 replacement credits under this section if the property tax
 9 replacement under this section had not been in effect; or

10 (2) the total property taxes that would otherwise be collected by
 11 the public library for the calendar year if the property tax
 12 replacement credit under this section were not in effect.

13 The ~~state board of tax commissioners~~ **department of local**
 14 **government finance** shall make any adjustments necessary to account
 15 for the expansion of a library district. However, a public library is
 16 eligible to receive property tax replacement credits under this section
 17 only if it has entered into reciprocal borrowing agreements with all
 18 other public libraries in the county. If the total amount of county
 19 economic development income tax revenue deposited by the county
 20 auditor in the library property tax replacement fund for a calendar year
 21 exceeds the total property tax liability that would otherwise be imposed
 22 for public libraries in the county for the year, the excess shall remain
 23 in the library property tax replacement fund and shall be used for
 24 library property tax replacement purposes in the following calendar
 25 year.

26 (f) Notwithstanding subsection (e), if a public library did not impose
 27 a property tax levy during the previous calendar year, that public
 28 library is entitled to receive a part of the property tax replacement
 29 credits to be distributed for the calendar year. The amount of property
 30 tax replacement credits the public library is entitled to receive during
 31 the calendar year equals the product of:

32 (1) the amount of revenue deposited in the library property tax
 33 replacement fund; multiplied by

34 (2) a fraction. The numerator of the fraction equals the budget of
 35 the public library for that calendar year. The denominator of the
 36 fraction equals the aggregate budgets of public libraries in the
 37 county for that calendar year.

38 If for a calendar year a public library is allocated a part of the property

1 tax replacement credits under this subsection, then the amount of
 2 property tax credits distributed to other public libraries in the county
 3 for the calendar year shall be reduced by the amount to be distributed
 4 as property tax replacement credits under this subsection. The ~~state~~
 5 ~~board of tax commissioners~~ **department of local government finance**
 6 shall make any adjustments required by this subsection and provide the
 7 adjustments to the county auditor.

8 (g) The ~~state board of tax commissioners~~ **department of local**
 9 **government finance** shall inform the county auditor of the amount of
 10 property tax replacement credits that each public library in the county
 11 is entitled to receive under this section. The county auditor shall certify
 12 to each public library the amount of property tax replacement credits
 13 that the public library is entitled to receive during that calendar year.
 14 The county auditor shall also certify these amounts to the county
 15 treasurer.

16 (h) A public library receiving property tax replacement credits under
 17 this section shall allocate the credits among each fund for which a
 18 distinct property tax levy is imposed. The amount that must be
 19 allocated to each fund equals:

20 (1) the amount of property tax replacement credits provided to the
 21 public library under this section; multiplied by

22 (2) the amount determined in STEP THREE of the following
 23 formula:

24 STEP ONE: Determine the property taxes that would have been
 25 collected for each fund by the public library during the previous
 26 calendar year if the property tax replacement under this section
 27 had not been in effect.

28 STEP TWO: Determine the sum of the total property taxes that
 29 would have been collected for all funds by the public library
 30 during the previous calendar year if the property tax
 31 replacement under this section had not been in effect.

32 STEP THREE: Divide the STEP ONE amount by the STEP
 33 TWO amount.

34 However, if a public library did not impose a property tax levy during
 35 the previous calendar year or did not impose a property tax levy for a
 36 particular fund during the previous calendar year, but the public library
 37 is imposing a property tax levy in the current calendar year or is
 38 imposing a property tax levy for the particular fund in the current

1 calendar year, the ~~state board of tax commissioners~~ **department of**
 2 **local government finance** shall adjust the amount of property tax
 3 replacement credits allocated among the various funds of the public
 4 library and shall provide the adjustment to the county auditor. If a
 5 public library receiving property tax replacement credits under this
 6 section does not impose a property tax levy for a particular fund that is
 7 first due and payable in a calendar year in which the property tax
 8 replacement credits are being distributed, the public library is not
 9 required to allocate to that fund a part of the property tax replacement
 10 credits to be distributed to the public library.

11 (i) For each public library that receives property tax credits under
 12 this section, the ~~state board of tax commissioners~~ **department of local**
 13 **government finance** shall certify to the county auditor the property tax
 14 rate applicable to each fund after the property tax replacement credits
 15 are allocated.

16 (j) A public library shall treat property tax replacement credits
 17 received during a particular calendar year under this section as a part
 18 of the public library's property tax levy for each fund for that same
 19 calendar year for purposes of fixing the public library's budget and for
 20 purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

21 (k) The property tax replacement credits that are received under this
 22 section do not reduce the total county tax levy that is used to compute
 23 the state property tax replacement credit under IC 6-1.1-21. For the
 24 purpose of computing and distributing certified distributions under
 25 IC 6-3.5-1.1 and tax revenue under ~~IC 6-5-10, IC 6-5-11, IC 6-5-12,~~
 26 IC 6-5.5 or IC 6-6-5, the property tax replacement credits that are
 27 received under this section shall be treated as though they were
 28 property taxes that were due and payable during that same calendar
 29 year."

30 Page 19, between lines 28 and 29, begin a new paragraph and insert:

31 "SECTION 111. IC 6-5.5-8-2, AS AMENDED BY P.L.273-1999,
 32 SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2004]: Sec. 2. (a) On or before February 1, May 1,
 34 August 1, and December 1 of each year the auditor of state shall
 35 transfer to each county auditor for distribution to the taxing units (as
 36 defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth
 37 (1/4) of the sum of the guaranteed amounts for all the taxing units of
 38 the county. On or before August 1 of each year the auditor of state shall

1 transfer to each county auditor the supplemental distribution for the
2 county for the year.

3 (b) For purposes of determining distributions under subsection ~~(b)~~;
4 (c), the ~~state board of tax commissioners~~ **department of local**
5 **government finance** shall determine a ~~state welfare total levy~~
6 **miscellaneous tax** allocation for each county calculated as follows:

7 ~~(1) For 2000 and each year thereafter, the state welfare allocation~~
8 ~~for each county equals the greater of zero (0) or the amount~~
9 ~~determined under the following formula:~~

10 STEP ONE: ~~For 1997, 1998, and 1999, determine the result of:~~

11 ~~(A) the amounts appropriated by the county in the year for the~~
12 ~~county's county welfare fund and county welfare~~
13 ~~administration fund; divided by~~

14 ~~(B) the amounts appropriated by all the taxing units in the~~
15 ~~county in the year;~~

16 STEP TWO: ~~Determine the sum of the results determined in~~
17 ~~STEP ONE.~~

18 STEP THREE: ~~Divide the STEP TWO result by three (3).~~

19 STEP FOUR: ~~Determine the amount that would otherwise be~~
20 ~~distributed to all the taxing units in the county under subsection~~
21 ~~(b) without regard to this subdivision.~~

22 STEP FIVE: ~~Determine the result of:~~

23 ~~(A) the STEP FOUR amount; multiplied by~~

24 ~~(B) the STEP THREE result.~~

25 ~~(2) provided in IC 6-1.1-44. The state welfare total levy~~
26 **miscellaneous tax** allocation shall be deducted from the
27 distributions otherwise payable under subsection ~~(b)~~ (c) to the
28 taxing unit that is a county and shall be deposited in a special
29 account within the state general fund.

30 ~~(b)~~ (c) A taxing unit's guaranteed distribution for a year is the
31 greater of zero (0) or an amount equal to:

32 (1) the amount received by the taxing unit under IC 6-5-10
33 **(repealed)** and IC 6-5-11 **(repealed)** in 1989; minus

34 (2) the amount to be received by the taxing unit in the year of the
35 distribution, as determined by the ~~state board of tax~~
36 **commissioners; department of local government finance**, from
37 property taxes attributable to the personal property of banks,
38 exclusive of the property taxes attributable to personal property

1 leased by banks as the lessor where the possession of the personal
2 property is transferred to the lessee; minus

3 (3) in the case of a taxing unit that is a county, the amount that
4 would have been received by the taxing unit in the year of the
5 distribution, as determined by the ~~state board of tax~~
6 ~~commissioners~~, **department of local government finance**, from
7 property taxes that:

8 (A) were calculated for the county's county welfare fund and
9 county welfare administration fund for 2000 but were not
10 imposed because of the repeal of IC 12-19-3 and IC 12-19-4;
11 and

12 (B) would have been attributable to the personal property of
13 banks, exclusive of the property taxes attributable to personal
14 property leased by banks as the lessor where the possession
15 of the personal property is transferred to the lessee.

16 ~~(c)~~ **(d)** The amount of the supplemental distribution for a county for
17 a year shall be determined using the following formula:

18 STEP ONE: Determine the greater of zero (0) or the difference
19 between:

20 (A) one-half (1/2) of the taxes that the department estimates
21 will be paid under this article during the year; minus

22 (B) the sum of all the guaranteed distributions, before the
23 subtraction of all ~~state welfare~~ **total county levy miscellaneous**
24 **tax** allocations under subsection (a),

25 for all taxing units in all counties plus the bank personal property
26 taxes to be received by all taxing units in all counties, as
27 determined under subsection ~~(b)(2)~~ **(c)(2)** for the year.

28 STEP TWO: Determine the quotient of:

29 (A) the amount received under IC 6-5-10 **(repealed)** and
30 IC 6-5-11 **(repealed)** in 1989 by all taxing units in the county;
31 divided by

32 (B) the sum of the amounts received under IC 6-5-10
33 **(repealed)** and IC 6-5-11 **(repealed)** in 1989 by all taxing units
34 in all counties.

35 STEP THREE: Determine the product of:

36 (A) the amount determined in STEP ONE; multiplied by

37 (B) the amount determined in STEP TWO.

38 STEP FOUR: Determine the greater of zero (0) or the difference

1 between:

2 (A) the amount of supplemental distribution determined in
3 STEP THREE for the county; minus

4 (B) the amount of refunds granted under IC 6-5-10-7
5 **(repealed)** that have yet to be reimbursed to the state by the
6 county treasurer under IC 6-5-10-13 **(repealed)**.

7 For the supplemental distribution made on or before August 1 of each
8 year, the department shall adjust the amount of each county's
9 supplemental distribution to reflect the actual taxes paid under this
10 article for the preceding year.

11 ~~(d)~~ (e) Except as provided in subsection ~~(f)~~; (g), the amount of the
12 supplemental distribution for each taxing unit shall be determined
13 using the following formula:

14 STEP ONE: Determine the quotient of:

15 (A) the amount received by the taxing unit under IC 6-5-10 and
16 IC 6-5-11 in 1989; divided by

17 (B) the sum of the amounts used in STEP ONE (A) for all
18 taxing units located in the county.

19 STEP TWO: Determine the product of:

20 (A) the amount determined in STEP ONE; multiplied by

21 (B) the supplemental distribution for the county, as determined
22 in subsection (c), STEP FOUR.

23 ~~(e)~~ (f) The county auditor shall distribute the guaranteed and
24 supplemental distributions received under subsection (a) to the taxing
25 units in the county at the same time that the county auditor makes the
26 semiannual distribution of real property taxes to the taxing units.

27 ~~(f)~~ (g) The amount of a supplemental distribution paid to a taxing unit
28 that is a county shall be reduced by an amount equal to:

29 (1) the amount the county would receive under subsection (d)
30 without regard to this subsection; minus

31 (2) an amount equal to:

32 (A) the amount under subdivision (1); multiplied by

33 (B) the ~~result of the following~~:

34 ~~(f) (i) Determine the amounts appropriated by the county in~~
35 ~~1997, 1998, and 1999, from the county's county welfare fund~~
36 ~~and county welfare administration fund;~~

37 ~~(ii) Divide the amount determined in item (f) by three (3); sum~~
38 **of the welfare revenue, human service fund revenue, and**

1 **education revenue for the county, as determined under**
 2 **IC 6-1.1-44.**

3 SECTION 136. IC 6-5.5-9-3 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. If the tax
 5 imposed by this article is held inapplicable or invalid with respect to a
 6 taxpayer, then notwithstanding the statute of limitations set forth in
 7 IC 6-8.1-5-2(a), the taxpayer is liable for the taxes imposed by ~~IC 6-2-1~~
 8 ~~IC 6-3 and IC 6-5~~ for the taxable periods with respect to which the tax
 9 under this article is held inapplicable or invalid. ~~In addition, personal~~
 10 ~~property is exempt from assessment and property taxation under~~
 11 ~~IC 6-1-1 if:~~

- 12 (1) ~~the personal property is owned by a financial institution;~~
- 13 (2) ~~the financial institution is subject to the bank tax imposed~~
 14 ~~under IC 6-5-10; and~~
- 15 (3) ~~the property is not leased by the financial institution to a~~
 16 ~~lessee under circumstances in which possession is transferred to~~
 17 ~~the lessee.~~

18 SECTION 137. IC 6-5.5-9-4 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) A taxpayer
 20 who is subject to taxation under this article for a taxable year or part of
 21 a taxable year is not, for that taxable year or part of a taxable year,
 22 subject to

- 23 (1) ~~the gross income tax imposed by IC 6-2-1;~~
- 24 (2) ~~the income taxes imposed by IC 6-3. and~~
- 25 (3) ~~the bank, savings and loan, or production credit association~~
 26 ~~tax imposed by IC 6-5.~~

27 (b) The ~~exemptions~~ **exemption** provided for the taxes listed in
 28 subsection (a)(1) through (a)(2) ~~do~~ **(a) does** not apply to a taxpayer to
 29 the extent the taxpayer is acting in a fiduciary capacity.

30 SECTION 138. IC 6-6.1.1-1204 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1204. (a) No city,
 32 town, county, township, or other subdivision or municipal corporation
 33 of the state may levy or collect:

- 34 (1) an excise tax on or measured by the sale, receipt, distribution,
 35 or use of gasoline; or
- 36 (2) an excise, privilege, or occupational tax on the business of
 37 manufacturing, selling, or distributing gasoline.

38 (b) The provisions of subsection (a) may not be construed as to

1 relieve a distributor or dealer from payment of ~~the a~~ state gross income
2 tax or state store license.

3 SECTION 139. IC 6-6-5-10, AS AMENDED BY P.L.283-2001,
4 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5 JANUARY 1, 2004]: Sec. 10. (a) The bureau shall establish procedures
6 necessary for the collection of the tax imposed by this chapter and for
7 the proper accounting for the same. The necessary forms and records
8 shall be subject to approval by the state board of accounts.

9 (b) The county treasurer, upon receiving the excise tax collections,
10 shall receipt such collections into a separate account for settlement
11 thereof at the same time as property taxes are accounted for and settled
12 in June and December of each year, with the right and duty of the
13 treasurer and auditor to make advances prior to the time of final
14 settlement of such property taxes in the same manner as provided in
15 IC 5-13-6-3.

16 (c) **Except as provided in subsection (d),** the county auditor shall
17 determine the total amount of excise taxes collected for each taxing
18 unit in the county and the amount so collected (and the distributions
19 received under section 9.5 of this chapter) shall be apportioned and
20 distributed among the respective funds of each taxing unit in the same
21 manner and at the same time as property taxes are apportioned and
22 distributed.

23 ~~(d) However, after December 31, 2002, an amount equal to the greater~~
24 ~~of zero (0) or the difference between the county hospital care for the~~
25 ~~indigent property tax levy imposed by the county in 2002; adjusted~~
26 ~~each year after 2002 by the statewide average assessed value growth~~
27 ~~quotient described in IC 12-16-14-3, minus the current uninsured~~
28 ~~parents program property tax levy imposed by the county; shall be~~
29 ~~treated as property taxes apportioned to the county unit. However, for~~
30 ~~purposes of determining distributions under this section for 2000 2003~~
31 ~~and each year thereafter, the state welfare allocation for each county~~
32 ~~equals the greater of zero (0) or the amount determined under STEP~~
33 ~~FIVE of the following STEPS:~~

34 STEP ONE: For:

35 1997, 1998, and 1999, determine the result of:

36 (i) the amounts appropriated by the county in the year from
37 the county's county welfare fund and county welfare
38 administration fund; divided by

1 (ii) the total amounts appropriated by all the taxing units in
2 the county in the year:

3 STEP TWO: Determine the sum of the results determined in
4 STEP ONE:

5 STEP THREE: Divide the STEP TWO result by three (3):

6 STEP FOUR: Determine the amount that would otherwise be
7 distributed to all the taxing units in the county under this
8 subsection without regard to this subdivision:

9 STEP FIVE: Determine the result of:

10 (i) the STEP FOUR amount; multiplied by

11 (ii) the STEP THREE result:

12 The state welfare a total levy miscellaneous tax allocation as
13 determined under IC 6-1.1-44 shall be deducted from the total
14 amount available for apportionment and distribution to taxing units
15 under this section before any apportionment and distribution is made.

16 The county auditor shall remit the state welfare total levy
17 miscellaneous tax allocation to the treasurer of state for deposit in a
18 special account within the state general fund.

19 (d) Such determination shall be made from copies of vehicle
20 registration forms furnished by the bureau of motor vehicles. Prior to
21 such determination, the county assessor of each county shall, from
22 copies of registration forms, cause information pertaining to legal
23 residence of persons owning taxable vehicles to be verified from the
24 assessor's records, to the extent such verification can be so made. The
25 assessor shall further identify and verify from the assessor's records the
26 several taxing units within which such persons reside.

27 (e) Such verifications shall be done by not later than thirty (30) days
28 after receipt of vehicle registration forms by the county assessor, and
29 the assessor shall certify such information to the county auditor for the
30 auditor's use as soon as it is checked and completed.

31 SECTION 140. IC 6-6-5.5-20, AS ADDED BY P.L.181-1999,
32 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JANUARY 1, 2004]: Sec. 20. (a) On or before May 1, the auditor of
34 state shall distribute to each county auditor an amount equal to fifty
35 percent (50%) of the total base revenue to be distributed to all taxing
36 units in the county for that year.

37 (b) On or before December 1, the auditor of state shall distribute to
38 each county auditor an amount equal to the greater of the following:

(1) Fifty percent (50%) of the total base revenue to be distributed to all taxing units in the county for that year.

(2) The product of the county's distribution percentage multiplied by the total commercial vehicle excise tax revenue deposited in the commercial vehicle excise tax fund.

(c) Upon receipt, the county auditor shall distribute to the taxing units an amount equal to the product of the taxing unit's distribution percentage multiplied by the total distributed to the county under this section. The amount determined shall be apportioned and distributed among the respective funds of each taxing unit in the same manner and at the same time as property taxes are apportioned and distributed.

However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation as determined under IC 6-1.1-44 shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.

(d) In the event that sufficient funds are not available in the commercial vehicle excise tax fund for the distributions required by subsection (a) and subsection (b)(1), the auditor of state shall transfer funds from the commercial vehicle excise tax reserve fund.

(e) The auditor of state shall, not later than July 1 of each year, furnish to each county auditor an estimate of the amounts to be distributed to the counties under this section during the next calendar year. Before August 1, each county auditor shall furnish to the proper officer of each taxing unit of the county an estimate of the amounts to be distributed to the taxing units under this section during the next calendar year and the budget of each taxing unit shall show the estimated amounts to be received for each fund for which a property tax is proposed to be levied.

SECTION 141. IC 6-6-6.5-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. (a) The department shall allocate each aircraft excise tax payment collected by it to the county in which the aircraft is usually located when not in operation or to the aircraft owner's county of residence if based out of state. The department shall distribute to each county treasurer on a

1 quarterly basis the aircraft excise taxes which were collected by the
2 department during the preceding three (3) months and which the
3 department has allocated to that county. The distribution shall be made
4 on or before the fifteenth of the month following each quarter and the
5 first distribution each year shall be made in April.

6 (b) Concurrently with making a distribution of aircraft excise taxes,
7 the department shall send an aircraft excise tax report to the county
8 treasurer and the county auditor. The department shall prepare the
9 report on the form prescribed by the state board of accounts. The
10 aircraft excise tax report must include aircraft identification, owner
11 information, and excise tax payment, and must indicate the county
12 where the aircraft is normally kept when not in operation. The
13 department shall, in the manner prescribed by the state board of
14 accounts, maintain records concerning the aircraft excise taxes
15 received and distributed by it.

16 (c) Except as provided in section 21.5 of this chapter, each county
17 treasurer shall deposit money received by him under this chapter in a
18 separate fund to be known as the "aircraft excise tax fund". The money
19 in the aircraft excise tax fund shall be distributed to the taxing units of
20 the county in the manner prescribed in subsection (d).

21 (d) In order to distribute the money in the county aircraft excise tax
22 fund to the taxing units of the county, the county auditor shall first
23 allocate the money in the fund among the taxing districts of the county.
24 In making these allocations, the county auditor shall allocate to a taxing
25 district the excise taxes collected with respect to aircraft usually
26 located in the taxing district when not in operation. The money
27 allocated to a taxing district shall be apportioned and distributed among
28 the taxing units of that taxing district in the same manner and at the
29 same time that the property taxes are apportioned and distributed.
30 **However, for purposes of determining distributions under this**
31 **section for 2003 and each year thereafter, a total levy**
32 **miscellaneous tax allocation shall be deducted from the total**
33 **amount available for apportionment and distribution to taxing**
34 **units under this section before any apportionment and distribution**
35 **is made. The county auditor shall remit the total levy miscellaneous**
36 **tax allocation to the treasurer of state for deposit in a special**
37 **account within the state general fund.**

38 (e) Within thirty (30) days following the receipt of excise taxes from

1 the department, the county treasurer shall file a report with the county
2 auditor concerning the aircraft excise taxes collected by the county
3 treasurer. The county treasurer shall file the report on the form
4 prescribed by the state board of accounts. The county treasurer shall,
5 in the manner and at the times prescribed in IC 6-1.1-27, make a
6 settlement with the county auditor for the aircraft excise taxes collected
7 by the county treasurer. The county treasurer shall, in the manner
8 prescribed by the state board of accounts, maintain records concerning
9 the aircraft excise taxes received and distributed by him.

10 SECTION 142. IC 6-6-9-11 IS AMENDED TO READ AS
11 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. (a) All
12 revenues collected from the auto rental excise tax shall be deposited in
13 a special account of the state general fund called the auto rental excise
14 tax account.

15 (b) On or before May 20 and November 20 of each year, all amounts
16 held in the auto rental excise tax account shall be distributed to the
17 county treasurers of Indiana.

18 (c) The amount to be distributed to a county treasurer equals that
19 part of the total auto rental excise taxes being distributed that were
20 initially imposed and collected from within that treasurer's county. The
21 department shall notify each county auditor of the amount of taxes to
22 be distributed to the county treasurer. At the same time each
23 distribution is made to a county treasurer, the department shall certify
24 to the county auditor each taxing district within the county where auto
25 rental excise taxes were collected and the amount of the county
26 distribution that was collected with respect to each taxing district.

27 (d) The county treasurer shall deposit auto rental excise tax collections
28 into a separate account for settlement at the same time as property taxes
29 are accounted for and settled in June and December of each year.

30 (e) **Except as provided in subsection (f)**, the county auditor shall
31 apportion and the county treasurer shall distribute the auto rental excise
32 taxes among the taxing units of the county in the same manner that
33 property taxes are apportioned and distributed with respect to property
34 located in the taxing district where the auto rental excise tax was
35 initially imposed and collected. The auto rental excise taxes distributed
36 to a taxing unit shall be allocated among the taxing unit's funds in the
37 same proportions that the taxing unit's property tax collections are
38 allocated among those funds.

(f) However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.

(g) Taxing units of a county may request and receive advances of auto rental excise tax revenues in the manner provided under IC 5-13-6-3.

~~(g)~~ (h) All distributions from the auto rental excise tax account shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the appropriate county treasurer.

SECTION 143. IC 6-6-11-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 31. (a) A boat excise tax fund is established in each county. Each county treasurer shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

(c) However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund."

Page 18, line 11, after "2001," insert "**and before January 1, 2004, add an amount equal to a deduction or deductions allowed or allowable under Section 63 of the Internal Revenue Code for taxes on property levied by a state or subdivision of a state of the United States."**

Page 18, delete lines 12 through 16.

- 1 Page 19, line 36, delete "three thousand two hundred" and insert
2 **"two and seventy-five hundredths of a cent (\$0.0275)".**
- 3 Page 19, line 37, delete "seventy-five ten-thousandths of a cent
4 (\$0.003275)".
- 5 Page 19, line 41, delete "forty-three thousand five hundred
6 twenty-six" and insert **"three and six thousand five hundred
7 forty-eight ten-thousandths of a cent (\$0.036548)".**
- 8 Page 19, line 42, delete "hundred-thousandths of a cent
9 (\$0.0043526)".
- 10 Page 20, line 28, after "one" insert **"and two-tenths".**
- 11 Page 20, line 28, delete "(1%)" and insert **"(1.2%)".**
- 12 Page 21, line 4, delete "Eighty-six and forty-four" and insert **"Six
13 and fifty-seven hundredths percent (6.57%)".**
- 14 Page 21, line 5, delete "hundredths percent (86.44%)".
- 15 Page 21, line 7, delete "Eight-tenths percent (0.8%)" and insert
16 **"Ninety-four hundredths percent (0.94%)".**
- 17 Page 21, line 10, delete "Five and fifty-eight hundredths" and insert
18 **"Eighty-four and five-hundredths percent (84.05%)".**
- 19 Page 21, line 11, delete "percent (5.58%)".
- 20 Page 21, line 13, delete "Seven and eighteen hundredths" and insert
21 **"Eight and forty-four hundredths percent (8.44%)".**
- 22 Page 21, line 14, delete "percent (7.18%)".
- 23 Page 22, between lines 2 and 3, begin a new paragraph and insert:
24 "SECTION 45. IC 6-8.1-1-1, AS AMENDED BY P.L.151-2001,
25 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
26 JANUARY 1, 2004]: Sec. 1. "Listed taxes" or "taxes" includes only the
27 pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat
28 admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13);
29 the gross income tax (IC 6-2.1); **the franchise tax (IC 6-2.2)**; the state
30 gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC
31 6-3); the supplemental net income tax (IC 6-3-8) (**repealed**) ; the
32 county adjusted gross income tax (IC 6-3.5-1.1); the county option
33 income tax (IC 6-3.5-6); the county economic development income tax
34 (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto
35 rental excise tax (IC 6-6-9); ~~the bank tax (IC 6-5-10); the savings and~~
36 ~~loan association tax (IC 6-5-11); the production credit association tax~~
37 ~~(IC 6-5-12)~~; the financial institutions tax (IC 6-5.5); the gasoline tax
38 (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special

1 fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor
 2 fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the
 3 motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax
 4 (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the
 5 cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor
 6 excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider
 7 excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the
 8 petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC
 9 6-9); the various county food and beverage taxes (IC 6-9); the county
 10 admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC
 11 16-44-2); the emergency and hazardous chemical inventory form fee
 12 (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and
 13 IC 9-30); the fees and penalties assessed for overweight vehicles (IC
 14 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the
 15 solid waste management fee (IC 13-20-22); and any other tax or fee
 16 that the department is required to collect or administer.

17 SECTION 144. IC 6-8.1-1-5 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 5. "Income tax"
 19 includes the gross income tax (IC 6-2.1), the adjusted gross income tax
 20 (IC 6-3), ~~the supplemental net income tax (IC 6-3-8)~~, the county
 21 adjusted gross income tax (IC 6-3.5-1.1), and the county option income
 22 tax (IC 6-3.5-6).

23 SECTION 145. IC 6-8.1-4-1.6 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1.6. Subject to the
 25 discretion of the commissioner as set forth in section 1 of this chapter,
 26 the commissioner shall establish within the department a special tax
 27 division. The division shall do the following:

28 (1) Administer and enforce the following:

29 ~~(A) Bank tax (IC 6-5-10).~~

30 ~~(B) Savings and loan association tax (IC 6-5-11).~~

31 ~~(C) Production credit association tax (IC 6-5-12).~~

32 ~~(D)~~ (A) Gasoline tax (IC 6-6-1.1).

33 ~~(E)~~ (B) Special fuel tax (IC 6-6-2.5).

34 ~~(F)~~ (C) Motor carrier fuel tax (IC 6-6-4.1).

35 ~~(G)~~ (D) Hazardous waste disposal tax (IC 6-6-6.6).

36 ~~(H)~~ (E) Cigarette tax (IC 6-7-1).

37 ~~(I)~~ (F) Tobacco products tax (IC 6-7-2).

38 ~~(J)~~ (G) Alcoholic beverage tax (IC 7.1-4).

- 1 ~~(K)~~ **(H)** Petroleum severance tax (IC 6-8-1).
- 2 ~~(E)~~ **(I)** Any other tax the commissioner designates.
- 3 (2) Upon the commissioner's request, conduct studies of the
- 4 department's operations and recommend whatever changes seem
- 5 advisable.
- 6 (3) Annually audit a statistical sampling of the returns filed for
- 7 the taxes administered by the division.
- 8 (4) Annually audit a statistical sampling of registrants with the
- 9 bureau of motor vehicles, international registration plan division.
- 10 (5) Review federal tax returns and other data that may be helpful
- 11 in performing the division's function.
- 12 (6) Furnish, at the commissioner's request, information that the
- 13 commissioner requires.
- 14 (7) Conduct audits requested by the commissioner or the
- 15 commissioner's designee.
- 16 (8) Administer the statutes providing for motor carrier regulation
- 17 (IC 8-2.1).

18 SECTION 146. IC 6-8.1-5-2, AS AMENDED BY P.L.181-1999,
 19 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 20 JANUARY 1, 2004]: Sec. 2. (a) Except as otherwise provided in this
 21 section, the department may not issue a proposed assessment under
 22 section 1 of this chapter more than three (3) years after the latest of the
 23 date the return is filed, or any of the following:

- 24 (1) the due date of the return; or
- 25 (2) in the case of a return filed for the state gross retail or use tax,
- 26 the gasoline tax, the special fuel tax, the motor carrier fuel tax, the
- 27 oil inspection fee, or the petroleum severance tax, the end of the
- 28 calendar year which contains the taxable period for which the
- 29 return is filed.

30 (b) If a person files an adjusted gross income tax (IC 6-3),
 31 supplemental net income tax (IC 6-3-8) **(repealed)**, county adjusted
 32 gross income tax (IC 6-3.5-1.1), county option income tax (IC 6-3.5-6),
 33 or financial institutions tax (IC 6-5.5) return that understates the
 34 person's income, as that term is defined in the particular income tax
 35 law, by at least twenty-five percent (25%), the proposed assessment
 36 limitation is six (6) years instead of the three (3) years provided in
 37 subsection (a).

38 (c) In the case of the motor vehicle excise tax (IC 6-6-5), the tax

1 shall be assessed as provided in IC 6-6-5-5 and IC 6-6-5-6 and shall
 2 include the penalties and interest due on all listed taxes not paid by the
 3 due date. A person that fails to properly register a vehicle as required
 4 by IC 9-18 and pay the tax due under IC 6-6-5 is considered to have
 5 failed to file a return for purposes of this article.

6 (d) In the case of the commercial vehicle excise tax imposed under
 7 IC 6-6-5.5, the tax shall be assessed as provided in IC 6-6-5.5 and shall
 8 include the penalties and interest due on all listed taxes not paid by the
 9 due date. A person that fails to properly register a commercial vehicle
 10 as required by IC 9-18 and pay the tax due under IC 6-6-5.5 is
 11 considered to have failed to file a return for purposes of this article.

12 (e) If a person files a fraudulent, unsigned, or substantially blank
 13 return, or if a person does not file a return, there is no time limit within
 14 which the department must issue its proposed assessment.

15 (f) If, before the end of the time within which the department may
 16 make an assessment, the department and the person agree to extend
 17 that assessment time period, the period may be extended according to
 18 the terms of a written agreement signed by both the department and the
 19 person. The agreement must contain:

20 (1) the date to which the extension is made; and

21 (2) a statement that the person agrees to preserve the person's
 22 records until the extension terminates.

23 The department and a person may agree to more than one (1) extension
 24 under this subsection.

25 (g) If a taxpayer's federal income tax liability for a taxable year is
 26 modified due to the assessment of a federal deficiency or the filing of
 27 an amended federal income tax return, then the date by which the
 28 department must issue a proposed assessment under section 1 of this
 29 chapter for tax imposed under IC 6-3 is extended to six (6) months after
 30 the date on which the notice of modification is filed with the
 31 department by the taxpayer.

32 SECTION 147. IC 8-1-2.8-24 IS AMENDED TO READ AS
 33 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 24. If the InTRAC
 34 meets the requirements of sections 18 and 21 of this chapter, the
 35 InTRAC:

36 (1) for purposes of all taxes imposed by the state or any county or
 37 municipality in Indiana is an organization that is organized and
 38 operated exclusively for charitable purposes; and

(2) qualifies for all exemptions applicable to those organizations, including but not limited to those exemptions set forth in ~~IC 6-2.1-3-20~~ **IC 6-2.5-5-21(b)(1)(B)** and IC 6-1.1-10-16.

SECTION 148. IC 8-3-1.7-2, AS AMENDED BY P.L.121-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) There is created a fund known as the industrial rail service fund. The fund shall consist of money distributed to the fund by ~~IC 6-2.5-10-1~~ **and IC 8-3-1.5-20 and amounts transferred from the motor vehicle highway account under IC 8-14-1-3.** Amounts held in the fund may only be used to do the following:

(1) Provide loans to railroads that will be used to purchase or rehabilitate real or personal property that will be used by the railroad in providing railroad transportation services.

(2) Pay operating expenses of the Indiana department of transportation, subject to appropriation by the general assembly.

(3) Provide fifty thousand dollars (\$50,000) annually to the Indiana department of transportation for rail planning activities. Money distributed under this subdivision does not revert back to the state general fund at the end of a state fiscal year.

(4) Provide money for the high speed rail development fund under IC 8-23-25.

(5) Provide grants to a railroad owned or operated by a port authority established under IC 8-10-5.

(6) Make grants to a Class II or a Class III railroad for the rehabilitation of railroad infrastructure or railroad construction.

(b) A grant made under subsection (a)(5) may not exceed twenty percent (20%) of the ~~gross sales and use tax receipts deposited in the fund under IC 6-2.5-10-1~~ **amount transferred to the fund from the motor vehicle highway account** during the fiscal year preceding the fiscal year in which the grant is made.

(c) A grant program under subsection (a)(6) must:

(1) provide a grant to a recipient of not more than seventy-five percent (75%) of the cost of the project; and

(2) require a grant recipient to pay for not more than twenty-five percent (25%) of the cost of a project.

SECTION 149. IC 8-14-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. The money collected

1 for the motor vehicle highway account fund and remaining after
 2 refunds and the payment of all expenses incurred in the collection
 3 thereof, and after the deduction of the amount appropriated to the
 4 department for traffic safety and after the deduction of ~~one-half (1/2)~~
 5 ~~of the total~~ amount appropriated for the state police department, shall
 6 be allocated to and distributed among the department and subdivisions
 7 designated as follows:

8 (1) Of the net amount in the motor vehicle highway account the
 9 auditor of state shall set aside for the cities and towns of the state
 10 fifteen percent (15%) thereof. This sum shall be allocated to the
 11 cities and towns upon the basis that the population of each city
 12 and town bears to the total population of all the cities and towns
 13 and shall be used for the construction or reconstruction and
 14 maintenance of streets and alleys and shall be annually budgeted
 15 as now provided by law. However, no part of ~~such the~~ sum ~~shall~~
 16 ~~may~~ be used for any other purpose than for the purposes defined
 17 in this chapter. If ~~any~~ funds allocated to ~~any a~~ city or town ~~shall~~
 18 ~~be are~~ used by ~~any an~~ officer or officers of ~~such the~~ city or town
 19 for any purpose or purposes other than for the purposes as defined
 20 in this chapter, ~~such the~~ officer or officers shall be liable upon
 21 their official bonds to ~~such the~~ city or town in ~~such the~~ amount so
 22 used for other purposes than for the purposes as defined in this
 23 chapter, together with the costs of ~~said the~~ action and reasonable
 24 attorney fees, recoverable in an action or suit instituted in the
 25 name of the state of Indiana on the relation of any taxpayer or
 26 taxpayers resident of such city or town. A monthly distribution
 27 thereof of funds accumulated during the preceding month shall be
 28 made by the auditor of state.

29 (2) Of the net amount in the motor vehicle highway account, the
 30 auditor of state shall set aside for the counties of the state
 31 thirty-two percent (32%) thereof. However, as to the allocation to
 32 cities and towns under subdivision (1), and as to the allocation to
 33 counties under this subdivision in the event that the amount in the
 34 motor vehicle highway account ~~fund~~ remaining after refunds and
 35 the payment of all expenses incurred in the collection thereof and
 36 after deduction of any amount appropriated by the general
 37 assembly for public safety and policing shall be less than
 38 twenty-two million six hundred and fifty thousand dollars

1 (\$22,650,000), in any fiscal year then the amount so set aside in
 2 the next calendar year for distributions to counties shall be
 3 reduced fifty-four percent (54%) of ~~such the~~ deficit and the
 4 amount so set aside for distribution in the next calendar year to
 5 cities and towns shall be reduced thirteen percent (13%) of ~~such~~
 6 ~~the~~ deficit. ~~Such~~ reduced distributions shall begin with the
 7 distribution January 1 of each year.

8 (3) The amount set aside for the counties of the state under the
 9 provisions of subdivision (2) shall be allocated monthly upon the
 10 following basis:

11 (A) Five percent (5%) of the amount allocated to the counties
 12 to be divided equally among the ninety-two (92) counties.

13 (B) Sixty-five percent (65%) of the amount allocated to the
 14 counties to be divided on the basis of the ratio of the actual
 15 miles, now traveled and in use, of county roads in each county
 16 to the total mileage of county roads in the state, which shall be
 17 annually determined, accurately, by the department.

18 (C) Thirty percent (30%) of the amount allocated to the
 19 counties to be divided on the basis of the ratio of the motor
 20 vehicle registrations of each county to the total motor vehicle
 21 registration of the state.

22 All money so distributed to the several counties of the state shall
 23 constitute a special road fund for each of the respective counties
 24 and shall be under the exclusive supervision and direction of the
 25 board of county commissioners in the construction,
 26 reconstruction, maintenance, or repair of the county highways or
 27 bridges on ~~such the~~ county highways within ~~such the~~ county.

28 **(4) Each month, after making allocations to the department of**
 29 **traffic safety, to the state police department, and under**
 30 **subdivisions (1) through (3), an amount equal to the total**
 31 **collections for all state gross retail and use taxes under**
 32 **IC 6-2.5 in the immediately preceding month multiplied by six**
 33 **hundred thirty-three thousandths of one percent (0.633%)**
 34 **shall be distributed to the public mass transportation fund**
 35 **established by IC 8-23-3-8.**

36 **(5) Each month, after making allocations to the department of**
 37 **traffic safety, to the state police department, and under**
 38 **subdivisions (1) through (4), an amount equal to the total**

1 collections for all state gross retail and use taxes under
 2 IC 6-2.5 in the immediately preceding month multiplied by
 3 thirty-three thousandths of one percent (0.033%) shall be
 4 distributed to the industrial rail service fund established
 5 under IC 8-3-1.7-2.

6 (6) Each month, after making allocations to the department of
 7 traffic safety, to the state police department, and under
 8 subdivisions (1) through (5), an amount equal to the total
 9 collections for all state gross retail and use taxes under
 10 IC 6-2.5 in the immediately preceding month multiplied by
 11 one hundred forty-two thousandths of one percent (0.142%)
 12 shall be distributed to the commuter rail service fund
 13 established under IC 8-3-1.5-20.5.

14 (7) Each month the remainder of the net amount in the motor
 15 vehicle highway account shall be credited to the state highway
 16 fund for the use of the department.

17 ~~(5)~~ (8) Money in the fund may not be used for any toll road or toll
 18 bridge project.

19 ~~(6)~~ (9) Notwithstanding any other provisions of this section,
 20 money in the motor vehicle highway account fund may be
 21 appropriated to the Indiana department of transportation from the
 22 forty-seven percent (47%) distributed to the political subdivisions
 23 of the state to pay the costs incurred by the department in
 24 providing services to those subdivisions.

25 ~~(7)~~ (10) Notwithstanding any other provisions of this section,
 26 **other than subdivisions (4) through (6)**, or of IC 8-14-8, for the
 27 purpose of maintaining a sufficient working balance in accounts
 28 established primarily to facilitate the matching of federal and
 29 local money for highway projects, money may be appropriated to
 30 the Indiana department of transportation as follows:

31 (A) One-half (1/2) from the forty-seven percent (47%) set aside
 32 under subdivisions (1) and (2) for counties and for those cities
 33 and towns with a population greater than five thousand (5,000).

34 (B) One-half (1/2) from the distressed road fund under
 35 IC 8-14-8.

36 SECTION 150. IC 8-14-1-11 IS AMENDED TO READ AS
 37 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 11. (a) The department
 38 may create a local agency revolving fund from money appropriated

1 under section ~~3(7)~~ **3(8)** of this chapter for the purpose of maintaining
 2 a sufficient working balance in accounts established primarily to
 3 facilitate the matching of federal and local money for highway projects.

4 (b) The revolving fund balance must be maintained through
 5 reimbursement from a local unit for money used by that unit to match
 6 federal funds.

7 (c) If the local unit fails to reimburse the revolving fund, the
 8 department shall notify the local unit that the department has found the
 9 outstanding accounts receivable to be uncollectible.

10 (d) The attorney general shall review the outstanding accounts
 11 receivable and if the attorney general agrees with the department's
 12 assessment of the account's status, the attorney general shall certify to
 13 the auditor of state that the outstanding accounts receivable is
 14 uncollectible and request a transfer of funds as provided in subsection
 15 (e).

16 (e) Upon receipt of a certificate as specified in subsection (d), the
 17 auditor of state shall:

- 18 (1) immediately notify the delinquent local unit of the claim; and
- 19 (2) if proof of payment is not furnished to the auditor of state
 20 within thirty (30) days after the notification, transfer an amount
 21 equal to the outstanding accounts receivable to the department
 22 from the delinquent local unit's allocations from the motor vehicle
 23 highway account for deposit in the local agency revolving fund.

24 (f) Transfers shall be made under subsection (e) until the unpaid
 25 amount has been paid in full under the terms of the agreement.
 26 However, the agreement may be amended if both the department and
 27 the unit agree to amortize the transfer over a period not to exceed five
 28 (5) years.

29 (g) Money in the fund at the end of a fiscal year does not revert to
 30 the state general fund.

31 SECTION 151. IC 8-22-2-18 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 18. (a) Subject to
 33 the approval of the fiscal body of the eligible entity, the board may
 34 contract with any person for construction, extensions, additions, or
 35 improvements of an aircraft hangar or revenue producing building or
 36 facility located or to be located on the airport of the entity, the cost of
 37 which is to be paid in the manner authorized by this section.

38 (b) A contract made under this section must be authorized by

1 ordinance providing that the principal and interest of bonds issued for
2 the payment of the cost of the construction, extensions, additions, or
3 improvements shall be paid exclusively from the revenues and receipts
4 of the aircraft hangars or revenue producing buildings or facilities,
5 unless otherwise provided by this section.

6 (c) The fiscal body must, by ordinance, set aside the income and
7 revenues of the buildings or facilities into a separate fund, to be used
8 in the maintenance and operation and in payment of the cost of the
9 construction, extensions, additions, or improvements. The ordinance
10 must fix:

11 (1) the proportion of the revenues of the buildings or facilities that
12 is necessary for the reasonable and proper operation and
13 maintenance of them; and

14 (2) the proportion of the revenues that are to be set aside and
15 applied to the payment of the principal and interest of bonds.

16 The ordinance may provide for the proportion of the revenues that are
17 to be set aside as an adequate depreciation account.

18 (d) Whenever the board determines that there exists a surplus in
19 funds derived from the net operating receipts of a municipal airport,
20 then the board may recommend to the fiscal body that a designated
21 amount of the surplus fund be appropriated by special or general
22 appropriation to the "aviation revenue bond account" for the relief of
23 principal or interest of bonds issued under this section. However, this
24 surplus in funds may not include monies raised by taxation.

25 (e) The fiscal body may issue and sell bonds to provide for the
26 payment of costs of the following:

27 (1) Airport capital improvements, including the acquisition of real
28 property.

29 (2) Construction or improvement of revenue producing buildings
30 or facilities owned and operated by the eligible entity.

31 (3) Payment of any loan contract.

32 The fiscal body may issue and sell bonds bearing interest, payable
33 annually or semiannually, executed in the manner and payable at the
34 times not exceeding forty (40) years from the date of issue and at the
35 places as the fiscal body of the entity determines, which bonds are
36 payable only out of the "aviation revenue bond account" fund. The
37 bonds have in the hands of bona fide holders all the qualities of
38 negotiable instruments under law.

1 (f) In case any of the officers whose signatures or countersignatures
2 appear on the bonds or the coupons ceases to be the officer before the
3 delivery of the bonds to the purchaser, the signature or
4 countersignatures are nevertheless valid and sufficient for all purposes,
5 the same as if he had remained in office until the delivery of the bonds.
6 The bonds and their interest issued against an "aviation revenue bond
7 account" fund and the fixed proportion or amount of the revenues
8 pledged to the fund does not constitute an indebtedness of the entity
9 under the Constitution of Indiana.

10 (g) Each bond must state plainly upon its face that it is payable only
11 from the special fund, naming the fund and the ordinance creating it,
12 and that it does not constitute an indebtedness of the entity under the
13 Constitution of Indiana. The bonds may be issued either as registered
14 bonds or as bonds payable to bearer. Coupons and bearer bonds may be
15 registered as to principal in the holder's name on the books of the
16 entity, the registration being noted on the bond by the clerk or other
17 designated officer, after which no transfer is valid unless made on the
18 books of the entity by the registered holder and similarly noted on the
19 bonds. Bonds so registered as to principal may be discharged from the
20 registration by being transferred to bearer, after which it is transferable
21 by delivery but may be registered again as to principal. The registration
22 of the bonds as to the principal does not restrain the negotiability of the
23 coupon by delivery, but the coupons may be surrendered and the
24 interest made payable only to the registered holder of the bonds. If the
25 coupons are surrendered, the surrender and cancellation of them shall
26 be noted on the bond and then interest on the bond is payable to the
27 registered holder or order in cash or at his option by check or draft
28 payable at the place or one (1) of the places where the coupons are
29 payable.

30 (h) The bonds shall be sold in a manner and upon terms that the fiscal
31 body considers in the best interest of the entity.

32 (i) All bonds issued by an eligible entity under this section are
33 exempt from taxation for all purposes, except that the interest is subject
34 to **adjusted** gross income tax.

35 (j) In fixing the proportion of the revenues of the building or facility
36 required for operation and maintenance, the fiscal body shall consider
37 the cost of operation and maintenance of the building or facility and
38 may not set aside into the special fund a greater amount or proportion

1 of the revenues and proceeds than are required for the operation and
2 maintenance. The sums set aside for operation and maintenance shall
3 be used exclusively for that purpose, until the accumulation of a
4 surplus results.

5 (k) The proportion set aside to the depreciation fund, if a
6 depreciation account or fund is provided for under this section, shall be
7 expended in remedying depreciation in the building or facility or in
8 new construction, extensions, additions, or improvements to the
9 property. Accumulations of the depreciation fund may be invested, and
10 the income from the investment goes into the depreciation fund. The
11 fund, and the proceeds of it, may not be used for any other purpose.

12 (l) The fixed proportion that is set aside for the payment of the
13 principal and interest of the bonds shall, from month to month, as it is
14 accrued and received, be set apart and paid into a special account in the
15 treasury of the eligible entity, to be identified "aviation revenue bond
16 account," the title of the account to be specified by ordinance. In fixing
17 the amount or proportion to be set aside for the payment of the
18 principal and interest of the bonds, the fiscal body may provide that the
19 amount to be set aside and paid into the aviation revenue bond account
20 for any year or years may not exceed a fixed sum, which sum must be
21 at least sufficient to provide for the payment of the interest and
22 principal of the bonds maturing and becoming payable in each year,
23 together with a surplus or margin of ten percent (10%).

24 (m) If a surplus is accumulated in the operating and maintenance
25 fund that is equal to the cost of maintaining and operating the building
26 or facility for the twelve (12) following calendar months, the excess
27 over the surplus may be transferred by the fiscal body to either the
28 depreciation account to be used for improvements, extensions, or
29 additions to property or to the aviation revenue bond account fund, as
30 the fiscal body designates.

31 (n) If a surplus is created in the aviation revenue bond account in
32 excess of the interest and principal of bonds, plus ten percent (10%),
33 becoming payable during the calendar, operating, or fiscal year then
34 current, together with the amount of interest or principal of bonds
35 becoming due and payable during the next calendar, operating, or fiscal
36 year, the fiscal body may transfer the excess over the surplus to either
37 the operating and maintenance account, or to the depreciation account,
38 as the fiscal body designates.

(o) All money received from bonds issued under this section shall be applied solely for the purposes listed in subsection (e). There is created a statutory mortgage lien upon buildings or facilities for which bonds are issued in favor of the holders of the bonds and of the coupons of the bonds. The buildings or facilities so constructed, extended, or improved remain subject to the statutory mortgage lien until payment in full of the principal and interest of the bonds.

(p) A holder of the bonds or of the attached coupons may enforce the statutory mortgage lien conferred by this section, and may enforce performance of all duties required by this section of the eligible entity issuing the bond or of any officer of the entity, including:

(1) the making and collecting of reasonable and sufficient rates or rentals for the use or lease of the buildings or facilities, or part of them established for the rent, lease, or use of the buildings or facilities;

(2) the segregation of the revenues from the buildings or facilities; and

(3) the application of the respective funds created by this section.

(q) If there is a default in the payment of the principal or interest of any of the bonds, a court having jurisdiction of the action may appoint an administrator or receiver to administer, manage, or operate the buildings or facilities on behalf of the entity, and the bondholders, with power to:

(1) charge and collect rates or rentals for the use or lease of the buildings or facilities sufficient to provide for the payment of the operating expenses;

(2) pay any bonds or obligations outstanding against the buildings or facilities; and

(3) apply the income and revenues thereof in accord with this section and the ordinance.

SECTION 152. IC 8-22-3.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 10. (a) Except in a county described in section 1(5) of this chapter, if the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for property taxes that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount

determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of ~~twenty ten~~ percent ~~(20%)~~ **(10%)** of the county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

- (1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and
- (2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

SECTION 153. IC 8-22-3.5-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) As used in this section, "state income tax liability" means a tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); **or**

1 ~~(3) IC 6-3-8 (the supplemental net income tax); or~~

2 ~~(4)~~ (3) any other tax imposed by this state and based on or
3 measured by either gross income or net income.

4 (b) The attraction of qualified airport development projects to a
5 consolidated city within Indiana is a governmental function of general
6 public benefit for all the citizens of Indiana.

7 (c) As an incentive to attract qualified airport development projects
8 to Indiana, for a period of thirty-five (35) years, beginning January 1,
9 1991, persons that locate and operate a qualified airport development
10 project in an airport development zone in a consolidated city shall not
11 incur, notwithstanding any other law, any state income tax liability as
12 a result of:

13 (1) activities associated with locating the qualified airport
14 development project in the consolidated city;

15 (2) the construction or completion of the qualified airport
16 development project;

17 (3) the employment of personnel or the ownership or rental of
18 property at or in conjunction with the qualified airport
19 development project; or

20 (4) the operation of, or the activities at or in connection with, the
21 qualified airport development project.

22 (d) The department of state revenue shall adopt rules under IC 4-22-2
23 to implement this section.

24 SECTION 154. IC 8-23-9-54 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 54. (a) To provide
26 funds for carrying out the provisions of this chapter, there is created a
27 state highway fund from the following sources:

28 (1) All money in the general fund to the credit of the state
29 highway account.

30 (2) All money that is received from the Department of
31 Transportation or other federal agency and known as federal aid.

32 (3) All money paid into the state treasury to reimburse the state
33 for money paid out of the state highway fund.

34 (4) All money provided by Indiana law for the construction,
35 maintenance, reconstruction, repair, and control of public
36 highways, as provided under this chapter.

37 (5) All money that on May 22, 1933, was to be paid into the state
38 highway fund under contemplation of any statute in force as of

1 May 22, 1933.

2 (6) All money that may at any time be appropriated from the state
3 treasury.

4 (7) Any part of the state highway fund unexpended at the
5 expiration of any fiscal year, which shall remain in the fund and
6 be available for the succeeding years.

7 (8) Any money credited to the state highway fund from the motor
8 vehicle highway account under ~~IC 8-14-1-3(4)~~. **IC 8-14-1-3(5)**.

9 (9) Any money credited to the state highway fund from the
10 highway road and street fund under IC 8-14-2-3.

11 (10) Any money credited to the state highway fund under
12 IC 6-6-4.1-5 or IC 8-16-1-17.1.

13 (b) All expenses incurred in carrying out this chapter shall be paid
14 out of the state highway fund.

15 SECTION 155. IC 8-23-17-32 IS AMENDED TO READ AS
16 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 32. (a) All
17 amounts paid to displaced persons under this chapter are exempt from
18 taxation under ~~IC 6-2-1~~ and IC 6-3.

19 (b) A payment received under this chapter is not considered as
20 income for the purpose of determining the eligibility or extent of
21 eligibility of any person for public assistance under the following:

22 AFDC assistance.

23 AFDC burials.

24 AFDC IMPACT/J.O.B.S.

25 AFDC-UP assistance.

26 ARCH.

27 Blind relief.

28 Child care.

29 Child welfare adoption assistance.

30 Child welfare adoption opportunities.

31 Child welfare assistance.

32 Child welfare child care improvement.

33 Child welfare child abuse.

34 Child welfare child abuse and neglect prevention.

35 Child welfare children's victim advocacy program.

36 Child welfare foster care assistance.

37 Child welfare independent living.

38 Child welfare medical assistance to wards.

1 Child welfare program review action group (PRAG).
 2 Child welfare special needs adoption.
 3 Food Stamp administration.
 4 Health care for indigent (HIC).
 5 ICES.
 6 IMPACT (food stamps).
 7 Title IV-D (ICETS).
 8 Title IV-D child support administration.
 9 Title IV-D child support enforcement (parent locator).
 10 Medicaid assistance.
 11 Medical services for inmates and patients (590).
 12 Room and board assistance (RBA).
 13 Refugee social service.
 14 Refugee resettlement.
 15 Repatriated citizens.
 16 SSI burials and disabled examinations.
 17 Title XIX certification.
 18 Any other Indiana law administered by the division of family and
 19 children."

20 Page 22, between lines 30 and 31, begin a new paragraph and insert:

21 "SECTION 19. IC 12-7-2-20.8 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2002]: **Sec. 20.8. "Bed", for purposes of**
 24 **IC 12-15-14.5, has the meaning set forth in IC 12-15-14.5-1.**

25 SECTION 156. IC 12-7-2-31.4 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JANUARY 1, 2004]: **Sec. 31.4. "Child services" has**
 28 **the meaning set forth in IC 12-19-7-1.**

29 SECTION 157. IC 12-7-2-70 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 70. "Domestic
 31 violence prevention and treatment center", for purposes of IC 12-18-3
 32 and IC 12-18-4, means an organized entity:

33 (1) established by:

34 (A) a city, town, county, or township; or
 35 (B) an entity exempted from the ~~Indiana gross income~~ **retail tax**
 36 ~~under IC 6-2.1-3-20;~~ **IC 6-2.5-5-21(b)(1)(B);** and

37 (2) created to provide services to prevent and treat domestic
 38 violence between spouses or former spouses.

SECTION 158. IC 12-7-2-91, AS AMENDED BY P.L.14-2000,
SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JANUARY 1, 2004]: Sec. 91. "Fund" means the following:

(1) For purposes of IC 12-12-1-9, the fund described in
IC 12-12-1-9.

~~(2) For purposes of IC 12-13-8, the meaning set forth in
IC 12-13-8-1.~~

~~(3)~~ (2) For purposes of IC 12-15-20, the meaning set forth in
IC 12-15-20-1.

~~(4)~~ (3) For purposes of IC 12-17-12, the meaning set forth in
IC 12-17-12-4.

~~(5)~~ (4) For purposes of IC 12-17-6, the meaning set forth in
IC 12-17-6-1-3.

~~(6)~~ (5) For purposes of IC 12-18-4, the meaning set forth in
IC 12-18-4-1.

~~(7)~~ (6) For purposes of IC 12-18-5, the meaning set forth in
IC 12-18-5-1.

~~(8)~~ (7) For purposes of IC 12-19-7, the meaning set forth in
IC 12-19-7-2.

~~(9)~~ (8) For purposes of IC 12-23-2, the meaning set forth in
IC 12-23-2-1.

~~(10)~~ (9) For purposes of IC 12-24-6, the meaning set forth in
IC 12-24-6-1.

~~(11)~~ (10) For purposes of IC 12-24-14, the meaning set forth in
IC 12-24-14-1.

~~(12)~~ (11) For purposes of IC 12-30-7, the meaning set forth in
IC 12-30-7-3.

SECTION 159. IC 12-7-2-103 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 103. "Health facility"
means the following:

(1) For purposes of IC 12-10-5.5, the meaning set forth in
IC 12-10-5.5-2.

(2) For purposes of IC 12-10-12, the meaning set forth in
IC 12-10-12-3.

**(3) For purposes of IC 12-15-14.5, the meaning set forth in
IC 12-15-14.5-2.**

SECTION 160. IC 12-7-2-128.5 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2003]: **Sec. 128.5. "Medical institution", for purposes of IC 12-15-8.5, has the meaning set forth in IC 12-15-8.5-1.**

SECTION 161. IC 12-13-5-1, AS AMENDED BY P.L.273-1999, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. The division shall administer or supervise the public welfare activities of the state. The division has the following powers and duties:

(1) The administration of old age assistance, aid to dependent children, and assistance to the needy blind and persons with disabilities, excluding assistance to children with special health care needs.

(2) The administration of the following:

(A) Any public child welfare service **or child service.**

(B) The licensing and inspection under IC 12-17.2 and IC 12-17.4.

(C) The care of dependent and neglected children in foster family homes or institutions, especially children placed for adoption or those born out of wedlock.

(D) The interstate placement of children.

(3) The provision of services to county governments, including the following:

(A) Organizing and supervising county offices for the effective administration of public welfare functions.

(B) Compiling statistics and necessary information concerning public welfare problems throughout Indiana.

(C) Researching and encouraging research into crime, delinquency, physical and mental disability, and the cause of dependency.

(4) Prescribing the form of, printing, and supplying to the county departments blanks for applications, reports, affidavits, and other forms the division considers necessary and advisable.

(5) Cooperating with the federal Social Security Administration and with any other agency of the federal government in any reasonable manner necessary and in conformity with IC 12-13 through IC 12-19 to qualify for federal aid for assistance to persons who are entitled to assistance under the federal Social Security Act. The responsibilities include the following:

- 1 (A) Making reports in the form and containing the information
- 2 that the federal Social Security Administration Board or any
- 3 other agency of the federal government requires.
- 4 (B) Complying with the requirements that a board or agency
- 5 finds necessary to assure the correctness and verification of
- 6 reports.
- 7 (6) Appointing from eligible lists established by the state
- 8 personnel board employees of the division necessary to effectively
- 9 carry out IC 12-13 through IC 12-19. The division may not
- 10 appoint a person who is not a citizen of the United States and who
- 11 has not been a resident of Indiana for at least one (1) year
- 12 immediately preceding the person's appointment unless a
- 13 qualified person cannot be found in Indiana for a position as a
- 14 result of holding an open competitive examination.
- 15 (7) Assisting the office of Medicaid policy and planning in fixing
- 16 fees to be paid to ophthalmologists and optometrists for the
- 17 examination of applicants for and recipients of assistance as
- 18 needy blind persons.
- 19 (8) When requested, assisting other departments, agencies,
- 20 divisions, and institutions of the state and federal government in
- 21 performing services consistent with this article.
- 22 (9) Acting as the agent of the federal government for the
- 23 following:
- 24 (A) In welfare matters of mutual concern under IC 12-13
- 25 through IC 12-19.
- 26 (B) In the administration of federal money granted to Indiana in
- 27 aiding welfare functions of the state government.
- 28 (10) Administering additional public welfare functions vested in
- 29 the division by law and providing for the progressive codification
- 30 of the laws the division is required to administer.
- 31 (11) Supervising day care centers and child placing agencies.
- 32 (12) Supervising the licensing and inspection of all public child
- 33 caring agencies.
- 34 (13) Supervising the care of delinquent children and children in
- 35 need of services.
- 36 (14) Assisting juvenile courts as required by IC 31-30 through
- 37 IC 31-40.
- 38 (15) Supervising the care of dependent children and children

1 placed for adoption.

2 (16) Compiling information and statistics concerning the ethnicity
3 and gender of a program or service recipient.

4 (17) Providing permanency planning services for children in need
5 of services, including:

6 (A) making children legally available for adoption; and

7 (B) placing children in adoptive homes;
8 in a timely manner.

9 **(18) Providing medical assistance to wards from money**
10 **appropriated for that purpose.**

11 SECTION 162. IC 12-15-2-17, AS AMENDED BY P.L.272-1999,
12 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13 JULY 1, 2002]: Sec. 17. (a) Except as provided in ~~subsection~~
14 **subsections (b) and (d)**, if an applicant for or a recipient of Medicaid:

15 (1) establishes one (1) irrevocable trust that has a value of not
16 more than ten thousand dollars (\$10,000), exclusive of interest,
17 and is established for the sole purpose of providing money for the
18 burial of the applicant or recipient;

19 (2) enters into an irrevocable prepaid funeral agreement having a
20 value of not more than ten thousand dollars (\$10,000); or

21 (3) owns a life insurance policy with a face value of not more than
22 ten thousand dollars (\$10,000) and with respect to which
23 provision is made to pay not more than ten thousand dollars
24 (\$10,000) toward the applicant's or recipient's funeral expenses;

25 the value of the trust, prepaid funeral agreement, or life insurance
26 policy may not be considered as a resource in determining the
27 applicant's or recipient's eligibility for Medicaid.

28 (b) **Subject to subsection (d)**, if an applicant for or a recipient of
29 Medicaid establishes an irrevocable trust or escrow under IC 30-2-13,
30 the entire value of the trust or escrow may not be considered as a
31 resource in determining the applicant's or recipient's eligibility for
32 Medicaid.

33 (c) If an applicant for or a recipient of Medicaid owns resources
34 described in subsection (a) and the total value of those resources is
35 more than ten thousand dollars (\$10,000), the value of those resources
36 that is more than ten thousand dollars (\$10,000) may be considered as
37 a resource in determining the applicant's or recipient's eligibility for
38 Medicaid.

(d) In order for a trust, life insurance policy, or prepaid funeral agreement to be exempt as a resource in determining an applicant's or recipient's eligibility for Medicaid under this section, the applicant or recipient must designate:

(1) the office; or

(2) the applicant's or recipient's estate;

to receive any amount remaining after the delivery of all services and merchandise under the contract as reimbursement for Medicaid assistance provided to the applicant or recipient after the applicant or recipient is fifty-five (55) years of age. The office may receive funds under this subsection only to the extent permitted by federal law under 42 U.S.C. 1396p.

SECTION 163. IC 12-15-5-1, AS AMENDED BY P.L.149-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. Except as provided in IC 12-15-2-12, IC 12-15-6, and IC 12-15-21, the following services and supplies are provided under Medicaid:

(1) Inpatient hospital services.

(2) Nursing facility services.

(3) Physician's services, including services provided under:

(A) IC 25-10-1, **except that these services:**

(i) **may be limited by the office under rules adopted under**

IC 4-22-2; and

(ii) **do not include services for children less than nineteen**

(19) years of age; and

(B) IC 25-22.5-1.

(4) Outpatient hospital or clinic services.

(5) Home health care services.

(6) Private duty nursing services.

(7) Physical therapy and related services.

(8) Dental services, **except that the office may, under rules adopted under IC 4-22-2, place limitations on the amount expended for services.**

(9) Prescribed laboratory and x-ray services.

(10) Prescribed drugs and services.

(11) Eyeglasses and prosthetic devices.

(12) Optometric services.

(13) Diagnostic, screening, preventive, and rehabilitative services.

- 1 (14) Podiatric medicine services.
- 2 (15) Hospice services.
- 3 (16) Services or supplies recognized under Indiana law and
- 4 specified under rules adopted by the office.
- 5 (17) Family planning services except the performance of
- 6 abortions.
- 7 (18) Nonmedical nursing care given in accordance with the tenets
- 8 and practices of a recognized church or religious denomination to
- 9 an individual qualified for Medicaid who depends upon healing
- 10 by prayer and spiritual means alone in accordance with the tenets
- 11 and practices of the individual's church or religious denomination.
- 12 (19) Services provided to individuals described in IC 12-15-2-8
- 13 and IC 12-15-2-9.
- 14 (20) Services provided under IC 12-15-34 and IC 12-15-32.
- 15 (21) Case management services provided to individuals described
- 16 in IC 12-15-2-11 and IC 12-15-2-13.
- 17 (22) Any other type of remedial care recognized under Indiana
- 18 law and specified by the United States Secretary of Health and
- 19 Human Services.
- 20 (23) Examinations required under IC 16-41-17-2(a)(10).

21 SECTION 164. IC 12-15-8.5 IS ADDED TO THE INDIANA
 22 CODE AS A NEW CHAPTER TO READ AS FOLLOWS
 23 [EFFECTIVE JANUARY 1, 2003]:

24 **Chapter 8.5. Liens on Real Property of Medicaid Recipients**

25 **Sec. 1. As used in this chapter, "medical institution" means any**
 26 **of the following:**

- 27 (1) A hospital.
- 28 (2) A nursing facility.
- 29 (3) An intermediate care facility for the mentally retarded.

30 **Sec. 2. When the office, in accordance with 42 U.S.C. 1396p,**
 31 **determines that a Medicaid recipient who resides in a medical**
 32 **institution cannot reasonably be expected to be discharged from**
 33 **the medical institution and return home, the office shall obtain a**
 34 **lien on the Medicaid recipient's real property for the cost of all**
 35 **Medicaid expenditures made on behalf of the recipient.**

36 **Sec. 3. The office may not obtain a lien under this chapter if any**
 37 **of the following persons lawfully reside in the home of the**
 38 **Medicaid recipient who resides in the medical institution:**

- 1 (1) The Medicaid recipient's spouse.
- 2 (2) The Medicaid recipient's child who is:
 - 3 (A) less than twenty-one (21) years of age; or
 - 4 (B) disabled as defined by the federal Supplemental
 - 5 Security Income program.
- 6 (3) The Medicaid recipient's sibling who:
 - 7 (A) has an ownership interest in the home; and
 - 8 (B) has lived in the home continuously beginning at least
 - 9 twelve (12) months before the recipient was admitted to the
 - 10 medical institution.

11 **Sec. 4. Before obtaining a lien on a Medicaid recipient's real**
 12 **property under this chapter, the office shall notify in writing the**
 13 **Medicaid recipient, the Medicaid recipient's guardian, the**
 14 **Medicaid recipient's attorney in fact, or the Medicaid recipient's**
 15 **authorized representative, of the following:**

- 16 (1) The office's determination that the Medicaid recipient
- 17 cannot reasonably be expected to be discharged from the
- 18 medical institution.
- 19 (2) The office's intent to impose a lien on the Medicaid
- 20 recipient's home.
- 21 (3) The Medicaid recipient's right to a hearing under
- 22 IC 12-15-28 upon the Medicaid recipient's request regarding
- 23 whether the requirements for the imposition of a lien are
- 24 satisfied.

25 **Sec. 5. (a) To obtain a lien under this chapter, the office must**
 26 **file a notice of lien with the recorder of the county in which the real**
 27 **property subject to the lien is located. The notice must include the**
 28 **following:**

- 29 (1) The name and place of residence of the individual against
- 30 whose property the lien is asserted.
- 31 (2) A legal description of the real property subject to the lien.
- 32 (b) Upon the office's request, the county auditor or assessor of
- 33 a county shall furnish the office with the legal description of any
- 34 property in the county registered to the recipient.
- 35 (c) The office shall file one (1) copy of the notice of lien with the
- 36 county office of family and children in the county in which the real
- 37 property is located. The county office of family and children shall
- 38 retain a copy of the notice with the county office's records.

1 (d) The office shall provide one (1) copy of the notice of lien to
2 the recipient whose real property is affected.

3 Sec. 6. (a) Beginning on the date on which a notice of lien is
4 recorded in the office of the county recorder under section 5 of this
5 chapter, the notice of lien:

6 (1) constitutes due notice of a lien against the Medicaid
7 recipient's real property for any amount then recoverable and
8 any amount that becomes recoverable under this article; and

9 (2) creates a specific lien in favor of the office.

10 (b) The lien continues from the date of filing the lien until the
11 lien is satisfied or released.

12 Sec. 7. The office may bring proceedings in foreclosure on a lien
13 arising under this chapter during the lifetime of the Medicaid
14 recipient if the Medicaid recipient or a person acting on behalf of
15 the Medicaid recipient sells the property.

16 Sec. 8. (a) The office may not enforce a lien under this chapter
17 if the Medicaid recipient is survived by any of the following:

18 (1) The recipient's spouse.

19 (2) The recipient's child who is:

20 (A) less than twenty-one (21) years of age; or

21 (B) disabled as defined by the federal Supplemental
22 Security Income program.

23 (b) The office may not enforce a lien under this chapter as long
24 as any of the following individuals reside in the home:

25 (1) The recipient's child of any age if the child:

26 (A) resided in the home for at least twenty-four (24) months
27 before the Medicaid recipient was admitted to the medical
28 institution;

29 (B) provided care to the Medicaid recipient that delayed the
30 Medicaid recipient's admission to the medical institution;
31 and

32 (C) has resided in the home on a continuous basis since the
33 date of the individual's admission to the medical institution.

34 (2) The Medicaid recipient's sibling who has an ownership
35 interest in the home and who has lived in the home
36 continuously beginning at least twelve (12) months before the
37 Medicaid recipient was admitted to the medical institution.

38 Sec. 9. (a) The office shall release a lien imposed under this

chapter within ten (10) business days after the county office of family and children receives notice that the Medicaid recipient:

(1) was discharged from the medical institution; and

(2) is living in the home.

(b) The county recorder shall waive the filing fee for the filing of a release made under this section.

SECTION 165. IC 12-15-9-0.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 0.5. As used in this chapter, "estate" includes:

(1) all real and personal property and other assets included within an individual's probate estate; and

(2) any other real and personal property and other assets in which the individual had legal title or an interest at the time of death, including assets conveyed to a survivor, an heir, or an assignee of the deceased individual through any of the following:

(A) Joint tenancy.

(B) Tenancy in common.

(C) Survivorship.

(D) Life estate.

(E) Trust, other than a trust that meets the requirements of federal law under 42 U.S.C. 1396p(d)(4).

(F) Any other arrangement.

If a trust meets the requirements of federal law under 42 U.S.C. 1396p(d)(4), the office shall be reimbursed in accordance with the terms of the trust.

SECTION 166. IC 12-15-10-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. (a) The office may require a recipient to select one (1) pharmacy in which the recipient may fill a prescription covered under Medicaid.

(b) Except as provided under subsection (c), prescription coverage under Medicaid applies only if a recipient required to select a pharmacy under subsection (a) fills the prescription at the pharmacy selected.

(c) A recipient required to select a pharmacy under subsection (a) may obtain not more than a seventy-two (72) hour supply of a prescription drug in an emergency situation or on a weekend at a

1 **pharmacy other than the pharmacy selected.**

2 SECTION 167. IC 12-15-12-10 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 10. (a) A Medicaid
4 recipient who has selected or been assigned a managed care provider
5 under this chapter may not select a new managed care provider ~~for~~
6 ~~twelve (12) months after the managed care provider was selected or~~
7 ~~assigned.~~ **except as allowed under the waiver obtained under**
8 **section 11 of this chapter.**

9 (b) The office may make an exception to the requirement under
10 subsection (a) if the office determines that circumstances warrant a
11 change **and the change is permitted under the waiver obtained**
12 **under section 11 of this chapter.**

13 SECTION 168. IC 12-15-12-14, AS ADDED BY P.L.291-2001,
14 SECTION 160, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 2002]: Sec. 14. (a) This section applies to a
16 Medicaid recipient: ~~who:~~

17 (1) **who** is determined by the office to be eligible for enrollment
18 in a Medicaid managed care program; ~~and~~

19 (2) **whose Medicaid eligibility is not based on the individual's**
20 **aged, blind, or disabled status; and**

21 (3) **who** resides in a county having a population of:

22 (A) more than ~~one hundred fifty thousand (150,000)~~ **but less**
23 ~~than one hundred sixty thousand (160,000).~~ **one hundred**
24 **eighty-two thousand seven hundred ninety (182,790) but less**
25 **than two hundred thousand (200,000);**

26 (B) more than ~~one hundred sixty thousand (160,000)~~ **but less**
27 ~~than two hundred thousand (200,000).~~ **one hundred seventy**
28 **thousand (170,000) but less than one hundred eighty**
29 **thousand (180,000);**

30 (C) more than two hundred thousand (200,000) but less than
31 three hundred thousand (300,000);

32 (D) more than three hundred thousand (300,000) but less than
33 four hundred thousand (400,000); or

34 (E) more than four hundred thousand (400,000) but less than
35 seven hundred thousand (700,000).

36 (b) Not later than January 1, 2003, the office shall require a
37 recipient described in subsection (a) to enroll in the risk-based
38 managed care program.

(c) The office:

(1) shall apply to the United States Department of Health and Human Services for any approval necessary; and

(2) may adopt rules under IC 4-22-2;

to implement this section.

SECTION 169. IC 12-15-14.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]:

Chapter 14.5. Health Facility Fee

Sec. 1. As used in this chapter, "bed" refers to a patient bed in a health facility.

Sec. 2. As used in this chapter, "health facility" means a health facility licensed under IC 16-28.

Sec. 3. Beginning August 1, 2002, the office shall assess a health facility a fee of two dollars (\$2) per day for each bed in a health facility.

Sec. 4. (a) The office may determine the manner of payment of the fee collected under section 3 of this chapter.

(b) A health facility shall pay the fee required under section 3 of this chapter to the office not more than thirty (30) days after receiving notice that the payment is due.

(c) If a health facility does not comply with subsection (b), the office may do the following:

(1) Deduct the amount of the fee from the health facility's Medicaid reimbursement.

(2) If a health facility does not participate in Medicaid, charge the health facility interest on the fee at an annual interest rate determined by the office.

(3) Impose any other penalty that the office determines is appropriate.

Sec. 5. If federal financial participation funds to match the fees collected under section 3 of this chapter become unavailable under federal law, the office's authority to assess a fee under this chapter terminates on the date the federal statute, federal regulation, or federal interpretative change that ceases the federal participation funds takes effect.

Sec. 6. The office shall adopt rules under IC 4-22-2 to carry out this chapter.

Sec. 7. This chapter expires August 1, 2004.

SECTION 170. IC 12-15-15-9, AS AMENDED BY P.L.283-2001, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. (a) Subject to subsections (e), (f), (g), and (h), for each state fiscal year ending June 30, 1998, June 30, 1999, June 30, 2000, June 30, 2001, ~~and June 30, 2002,~~ **and each state fiscal year to which subsection (e), (f), (g), or (h) applies,** a hospital is entitled to a payment under this section.

(b) Subject to subsections (e), (f), (g), and (h), total payments to hospitals under this section for a state fiscal year shall be equal to all amounts transferred from the state hospital care for the indigent ~~fund~~ **program** established under IC 12-16 or IC 12-16.1 for Medicaid current obligations during the state fiscal year, including amounts of the ~~fund program~~ **program** appropriated for Medicaid current obligations.

(c) The payment due to a hospital under this section must ~~be based on a policy developed by the office. The policy:~~

(1) ~~is not required to provide for equal payments to all hospitals;~~
 (2) ~~must attempt, to the extent practicable as determined by the office, to establish a payment rate that minimizes the difference between the aggregate amount paid under this section to all hospitals in a county for a state fiscal year and the amount of the county's hospital care for the indigent property tax levy; for that state fiscal year and~~

(3) ~~must provide that no hospital will receive a payment under this section less than the amount the hospital received under IC 12-15-15-8 for the state fiscal year ending June 30, 1997.~~

(d) Following the transfer of funds under subsection (b), an amount equal to the amount determined in the following STEPS shall be deposited in the Medicaid indigent care trust fund under IC 12-15-20-2(2) and used to fund a portion of the state's share of the disproportionate share payments to providers for the state fiscal year:

STEP ONE: Determine the difference between:

- (A) the amount transferred from the state hospital care for the indigent fund under subsection (b); and
- (B) thirty-five million dollars (\$35,000,000).

STEP TWO: Multiply the amount determined under STEP ONE by the federal medical assistance percentage for the state fiscal year.

(e) If funds are transferred under IC 12-16-14.1-2(e), those funds must be used for the state's share of funding for payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

(f) If the office of the ~~uninsured parents program established by IC 12-17.7-2-1~~ does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, and funds are transferred under IC 12-16-14.1-3, a hospital is entitled to a payment under this section for the state fiscal year beginning on July 1, 2002. Payments under this subsection shall be made after July 1, 2003, but before December 31, 2003.

(g) If the office does not implement an uninsured parents program as provided for in IC 12-17.7 before July 1, 2003, a hospital is entitled to a payment under this section for state fiscal years ending after June 30, 2003.

(h) If funds are transferred under IC 12-17.7-9-2, those funds shall be used for the state's share of payments to hospitals under this subsection. A payment under this subsection shall be made to all hospitals that received a payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002. Payments under this subsection shall be in proportion to each hospital's payment under this section for the state fiscal year beginning July 1, 2001, and ending June 30, 2002.

SECTION 171. IC 12-15-20-2, AS AMENDED BY P.L.283-2001, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. The Medicaid indigent care trust fund is established to pay the state's share of the following:

(1) Enhanced disproportionate share payments to providers under IC 12-15-19-1.

(2) Subject to subdivision (5), disproportionate share payments to providers under IC 12-15-19-2.1.

(3) Medicaid payments for pregnant women described in IC 12-15-2-13 and infants and children described in IC 12-15-2-14.

1 (4) Municipal disproportionate share payments to providers under
2 IC 12-15-19-8.

3 (5) Of the intergovernmental transfers deposited into the
4 Medicaid indigent care trust fund under IC 12-15-15-1.1(d), the
5 following apply:

6 (A) The entirety of the intergovernmental transfers deposited
7 into the Medicaid indigent care trust fund under
8 IC 12-15-15-1.1(d) for state fiscal years ending on or before
9 June 30, 2000, shall be used to fund the state's share of the
10 disproportionate share payments to providers under
11 IC 12-15-19-2.1.

12 (B) Of the intergovernmental transfers deposited into the
13 Medicaid indigent care trust fund under IC 12-15-15-1.1(d) for
14 state fiscal years ending after June 30, 2000, an amount equal
15 to one hundred percent (100%) of the total intergovernmental
16 transfers deposited into the Medicaid indigent care trust fund
17 under IC 12-15-15-1.1(d) for the state fiscal year beginning July
18 1, 1998, and ending June 30, 1999, shall be used to fund the
19 state's share of disproportionate share payments to providers
20 under IC 12-15-19-2.1. The remainder of the intergovernmental
21 transfers under IC 12-15-15-1.1(d) for the state fiscal year shall
22 be transferred to the state uninsured parents program fund
23 established under IC 12-17.8-2-1 to fund the state's share of
24 funding for the uninsured parents program established under
25 IC 12-17.7.

26 (C) If the office does not implement an uninsured parents
27 program as provided for in IC 12-17.7 before July 1, 2003, the
28 intergovernmental transfers transferred to the state uninsured
29 parents program fund under clause (B) shall be returned to the
30 Medicaid indigent care trust fund to be used to fund the state's
31 share of Medicaid add-on payments to hospitals licensed under
32 IC 16-21 under a payment methodology which shall be
33 developed by the office.

34 (D) If funds are transferred under IC 12-17.7-9-2 or
35 ~~IC 12-17.8-2-4(c)~~ **IC 12-17.8-2-4** to the Medicaid indigent care
36 trust fund, the funds shall be used to fund the state's share of
37 Medicaid add-on payments to hospitals licensed under IC 16-21
38 under a payment methodology which the office shall develop.

SECTION 172. IC 12-15-28-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. An applicant for or a recipient of Medicaid may appeal to the office if one (1) of the following occurs:

(1) An application or a request is not acted upon by the county office within a reasonable time after the application or request is filed.

(2) The application is denied.

(3) The applicant or recipient is dissatisfied with the action of the county office.

(4) The recipient is dissatisfied with a determination made by the office under IC 12-15-8.5.

SECTION 173. IC 12-16-14.1-1, AS ADDED BY P.L.283-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. ~~(a) All funds in a county hospital care for the indigent fund on July 1, 2002, derived from taxes levied under IC 12-16-14-1(1) or allocated under IC 12-16-14-1(2) shall be immediately transferred to the state hospital care for the indigent fund.~~

~~(b)~~ **(a)** Subject to subsection ~~(d)~~, **(b)**, beginning July 1, 2002, all tax receipts derived from taxes levied under IC 12-16-14-1(1) **(repealed)** that are first due and payable in calendar year 2002 or earlier, or allocated under IC 12-16-14-1(2) **(repealed)** in calendar year 2002 or earlier, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this ~~subdivision~~ **subsection** during the preceding month shall be transferred to the state hospital care for the indigent fund.

~~(c)~~ **(c)** All tax receipts derived from taxes levied under IC 12-16-14-1(1) that are first due and payable after calendar year 2002, or allocated under IC 12-16-14-1(2) after calendar year 2002, shall be paid into the county general fund. Before the fifth day of each month, all of the tax receipts paid into the general fund under this ~~subdivision~~ during the preceding month shall be transferred to the state ~~uninsured parents program fund established by IC 12-17.8-2-1.~~

~~(d)~~ **(b)** If the state hospital care for the indigent fund is closed under section 2(d) of this chapter at the time a transfer of receipts is to be made to the fund, the receipts shall be transferred to the state uninsured parents program fund established by IC 12-17.8-2-1.

SECTION 174. IC 12-16-14.1-2, AS ADDED BY P.L.283-2001,

SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Subject to subsections (b), (c), and (e), and subject to the requirements of IC 12-15-15-9(b) regarding appropriations from the state hospital care for the indigent fund for Medicaid current obligations, beginning July 1, 2002, all funds deposited in the state hospital care for the indigent fund derived from taxes levied under IC 12-16-14-1(1) (**repealed**) or allocated under IC 12-16-14-1(2) (**repealed**) shall be used by the division to pay claims for services:

(1) eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal); and

(2) provided before July 1, 2002.

(b) This section may not delay, limit, or reduce ~~the following~~:

~~(1) Any appropriation required under state law from the state hospital care for the indigent fund for Medicaid current obligations for the state fiscal years beginning July 1, 2000, and July 1, 2001, for purposes of payments under IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

~~(2) The transfer of additional funds from the state hospital care for the indigent fund for Medicaid current obligations anticipated under IC 12-15-15-9(b) for purposes of IC 12-15-15-9(a) through IC 12-15-15-9(d) for the state fiscal years beginning July 1, 2000, and July 1, 2001.~~

~~(3) for state fiscal years beginning after June 30, 2002, any other appropriation required under state law from the state hospital care for the indigent fund for the uninsured parents program established under IC 12-17.7-2-2. IC 12-17.7-2-1.~~

(c) The division shall cooperate with the office in causing the appropriations and transfers from the state hospital care for the indigent fund described in subsection (b) to occur.

(d) The state hospital care for the indigent fund shall close upon the earlier of the following:

(1) The payment of all funds in the fund.

(2) The payment of all claims for services provided before July 1, 2002, that were eligible for payment under the hospital care for the indigent program under IC 12-16-2 (before its repeal).

(e) Notwithstanding subsection (d) and IC 12-16.1, if at any time

1 before the closing of the state hospital care for the indigent fund the
 2 amount of funds on deposit exceeds the amount necessary to pay the
 3 claims for services provided before July 1, 2002, that were eligible for
 4 payment under the hospital care for the indigent program under
 5 IC 12-16 (before its repeal), those excess funds shall be transferred
 6 from the fund for use as the state's share of funding for payments to
 7 hospitals under IC 12-15-15-9(e). ~~Subject to the operation of~~ **Except**
 8 **for funds transferred to the state hospital care for the indigent**
 9 **fund under** sections 4.5, 5, and 6 of this chapter, amounts deposited in
 10 the state hospital care for the indigent fund under IC 12-16.1 are not
 11 subject to this subsection.

12 (f) Upon the closing of the state hospital care for the indigent fund,
 13 no further obligation shall be owed under the hospital care for the
 14 indigent program under IC 12-16-2 (before its repeal).

15 SECTION 175. IC 12-16-14.1-4.5 IS ADDED TO THE INDIANA
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS
 17 [EFFECTIVE JANUARY 1, 2004]: **Sec. 4.5. (a) All tax receipts**
 18 **derived from taxes levied under IC 12-16-14-1(1) (repealed) that**
 19 **are first due and payable in calendar year 2003 or earlier or**
 20 **allocated under IC 12-16-14-1(2) (repealed) in calendar year 2003**
 21 **or earlier that are in the county general fund on December 31,**
 22 **2003, shall be transferred to the state hospital care for the indigent**
 23 **fund before January 5, 2004.**

24 (b) If the state hospital care for the indigent fund is closed under
 25 section 2 of this chapter at the time a transfer of receipts is to be
 26 made to the fund under subsection (a), the receipts shall be
 27 transferred to the state uninsured parents program fund
 28 established by IC 12-17.8-2-1. If the uninsured parents program is
 29 terminated before January 1, 2004, money transferred to the
 30 uninsured parents program fund under subsection (a) shall be
 31 disposed of as provided in IC 12-17.7-9-2.

32 (c) If a county has in its possession on December 31, 2003,
 33 money described in subsection (a) that has not been deposited in
 34 the county general fund or receives money described in subsection
 35 (a) after December 31, 2003, the county shall immediately transfer
 36 the money to the state for deposit as described in subsections (a)
 37 and (b).

38 SECTION 176. IC 12-16-14.1-6, AS ADDED BY P.L.283-2001,

SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the uninsured parents program implemented and maintained under IC 12-17.7 terminates under IC 12-17.7-9-1

(1) all transfers under this chapter will cease immediately;

(2) all tax receipts on deposit in a county general fund under section 1(b) of this chapter, shall be immediately transferred to the state hospital care for the indigent fund for use as provided in section 2 of this chapter or, if the state hospital care for the indigent fund is closed, to the state uninsured parents program fund;

(3) all tax receipts on deposit in a county general fund under section 1(c) of this chapter, shall be immediately transferred to the state uninsured parents program fund; and

(4) after December 31, 2003, all funds deposited in the state hospital care for the indigent fund shall be used as provided in section 2 of this chapter.

SECTION 177. IC 12-16.1-7-2, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) Except as provided in section 5 of this chapter, claims for payment shall be segregated by year using the patient's admission date.

(b) Each year, the division shall pay claims as provided in section 4 of this chapter without regard to the county of admission. ~~or that county's transfer to the state fund.~~

SECTION 178. IC 12-16.1-7-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Each year, the division shall pay two-thirds (2/3) of each claim upon submission and approval of the claim.

(b) If the amount of money in the state hospital care for the indigent fund in a **state fiscal** year is insufficient to pay two-thirds (2/3) of each approved claim for patients admitted in that year, the state's ~~and a county's~~ liability to providers under the hospital care for the indigent program for claims approved for patients admitted in that year is limited to the sum of the following:

(1) The amount transferred to the state hospital care for the indigent fund from county hospital care for the indigent funds in

that year under IC 12-16.1-13 (**repealed**).

(2) Any contribution to the fund in that year.

(3) Any amount that was appropriated to the state hospital care for the indigent ~~fund~~ **program** for that year by the general assembly.

(4) Any amount that was carried over to the state hospital care for the indigent fund from a preceding year.

(c) This section does not obligate the general assembly to appropriate money to the state hospital care for the indigent fund.

SECTION 179. IC 12-16.1-7-9, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 9. IC 12-16.1-2 through ~~IC 12-16.1-14~~ **IC 12-16.1-15** do not affect the liability of a county with respect to claims for hospital care for the indigent for patients admitted before January 1, 1987.

SECTION 180. IC 12-16.1-13-3, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. ~~(a) Before the fifth day of each month, all money contained in a county hospital care for the indigent fund at the end of the preceding month shall be transferred to the state hospital care for the indigent fund.~~

~~(b)~~ If the state hospital care for the indigent fund is closed under IC 12-16-14.1-2(d), a new state hospital care for the indigent fund is established under this article.

SECTION 181. IC 12-16.1-13-4, AS ADDED BY P.L.283-2001, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to ~~IC 12-16-14.1-5(4)~~ **IC 12-16-14.1-5** and ~~IC 12-16-14.1-6(4)~~, **IC 12-16-14.1-6**, the state hospital care for the indigent fund under this article consists of the following:

(1) Money transferred to the state hospital care for the indigent fund from the county hospital care for the indigent funds.

(2) Any contributions to the fund from individuals, corporations, foundations, or others for the purpose of providing hospital care for the indigent.

~~(3) Money advanced to the fund under IC 12-16.1-14.~~

~~(4)~~ **(3)** Appropriations made specifically to the fund by the general assembly.

(b) This section does not obligate the general assembly to

1 appropriate money to the state hospital care for the indigent fund.

2 SECTION 182. IC 12-17-3-1 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. **(a)** The division shall
 4 cooperate with each county office and with the Children's Bureau of the
 5 United States Department of Health and Human Services to do the
 6 following: ~~in predominantly rural areas and other areas of special need:~~

7 (1) Establish, extend, and strengthen ~~public welfare~~ services for
 8 the protection and care of ~~dependent and delinquent children and~~
 9 ~~children~~ **a child at risk of becoming a child** in need of services
 10 **(as defined in IC 31-9-2-17) or a delinquent child (as defined**
 11 **in IC 31-9-2-37).**

12 (2) Develop and extend ~~child welfare~~ **public social** services
 13 **directed toward the accomplishment of any of the following**
 14 **purposes:**

15 **(A) Protecting and promoting the welfare of all children,**
 16 **including handicapped, homeless, dependent, or neglected**
 17 **children.**

18 **(B) Preventing, remedying, or assisting in the solution of**
 19 **problems that may result in the neglect, abuse, exploitation,**
 20 **or delinquency of children.**

21 **(C) Preventing the unnecessary separation of children from**
 22 **their families by identifying family problems, assisting**
 23 **families in resolving their problems, and preventing**
 24 **breakup of the family whenever the prevention of child**
 25 **removal is desirable and possible.**

26 (3) Develop state services to assist with adequate methods of
 27 community child welfare organization.

28 (4) Develop plans necessary to carry out the services under this
 29 section and to comply with the requirements of the Children's
 30 Bureau of the United States Department of Health and Human
 31 Services in conformity with **Title IV Part B** of the Social
 32 Security Act (42 U.S.C. 602 **et seq.**).

33 **(5) Provide financial assistance for support of a destitute child**
 34 **who is living:**

35 **(A) in a suitable foster family home, group home, or child**
 36 **caring institution that is licensed under the applicable**
 37 **provisions of IC 12-17.4 and the rules of the division; or**

38 **(B) in the home of a relative that is not a foster family home**

(as defined in IC 12-7-2-29) and that has been approved by the county office as meeting applicable health and safety standards and as suitable for the care of the child.

(b) The amount of the assistance provided to or for the benefit of a destitute child under this chapter may not exceed the foster care per diem rate applicable to the child in the county in which the child resides.

SECTION 183. IC 12-17-3-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) This section does not apply to a county ~~department's~~ **office's**:

(1) administrative expenses; or

(2) expenses regarding facilities, supplies, and equipment.

(b) Necessary expenses incurred in the administration of the child welfare services under section 1 of this chapter shall be paid out of the ~~county welfare fund or the~~ county family and children's fund. ~~(whichever is appropriate).~~

SECTION 184. IC 12-17-3-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The state shall ~~provide money to a county to assist the county in defraying the pay~~ expenses incurred for child welfare services as provided in section 1 of this chapter.

(b) The state shall provide the money under subsection (a) as follows:

~~(1) Monthly.~~

~~(2) (1) Based upon: need.~~

(A) consistent with the county's plan adopted in accordance with IC 31-34-24 and IC 31-37-24; and

(B) established by the county office in accordance with a request for funds submitted to and approved by the division.

(2) From money appropriated to the division for child welfare services as described in section 1 of this chapter.

~~(3) (3) From money received through the federal government for the purpose described in this section 1 of this chapter and~~

~~(4) In an amount to be determined by the division in conformity with the state plans approved under Title IV Part B of the Social Security Act (42 U.S.C. 602). (42 U.S.C. 622 and 42 U.S.C. 629b).~~

SECTION 185. IC 12-17.6-3-3, AS ADDED BY P.L.273-1999,
SECTION 177, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2002]: Sec. 3. (a) Subject to subsection (b), a
child who is eligible for the program shall receive services from the
program until the earlier of the following:

~~(1) The end of a period of twelve (12) consecutive months
following the determination of the child's eligibility for the
program.~~

(1) The child becomes financially ineligible.

(2) The child becomes nineteen (19) years of age.

(b) Subsection (a) applies only if the child and the child's family
comply with enrollment requirements.

SECTION 186. IC 12-17.6-4-2, AS ADDED BY P.L.273-1999,
SECTION 177, IS AMENDED TO READ AS FOLLOWS
[EFFECTIVE JULY 1, 2002]: Sec. 2. (a) The benefit package provided
under the program shall focus on age appropriate preventive, primary,
and acute care services.

(b) The office shall offer health insurance coverage for the following
basic services:

(1) Inpatient and outpatient hospital services.

(2) Physicians' services, **except chiropractic services**, provided
by a physician (as defined in 42 U.S.C. 1395x(r)).

(3) Laboratory and x-ray services.

(4) Well-baby and well-child care, including:

(A) age appropriate immunizations; and

(B) periodic screening, diagnosis, and treatment services
according to a schedule developed by the office.

The office may offer services in addition to those listed in this
subsection if appropriations to the program exist to pay for the
additional services.

(c) The office shall offer health insurance coverage for the following
additional services if the coverage for the services has an actuarial
value equal to or greater than the actuarial value of the services
provided by the benchmark program determined by the children's
health policy board established by IC 4-23-27-2:

(1) Prescription drugs.

(2) Mental health services.

(3) Vision services.

1 (4) Hearing services.

2 (5) Dental services.

3 (d) Notwithstanding subsections (b) and (c), the office may not
4 impose treatment limitations or financial requirements on the coverage
5 of services for a mental illness if similar treatment limitations or
6 financial requirements are not imposed on coverage for services for
7 other illnesses.

8 SECTION 187. IC 12-17.7-9-2, AS ADDED BY P.L.283-2001,
9 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JANUARY 1, 2004]: Sec. 2. Upon termination of the uninsured parents
11 program, all funds on deposit in the state uninsured parents program
12 fund, including funds transferred to the fund under IC 12-16-14.1-6(2)
13 **(as effective December 31, 2002)**, shall be used to pay expenses and
14 other obligations of the program, as determined by the office. Any
15 remaining funds attributable to taxes levied under IC 12-16-14-1(1)
16 **(repealed)** or allocated under IC 12-16-14-1(2) **(repealed)** shall be
17 transferred from the fund for use as the state's share of payments under
18 IC 12-15-15-9(h). Any remaining funds attributable to transfers from
19 the Medicaid indigent care trust fund under IC 12-15-20-2(5) shall be
20 transferred from the state uninsured parents program fund for use as the
21 state's share of payments under IC 12-15-20-2(5)(D).

22 SECTION 188. IC 12-17.8-2-1, AS ADDED BY P.L.283-2001,
23 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
24 JANUARY 1, 2004]: Sec. 1. ~~(a)~~ The state uninsured parents program
25 fund is established.

26 ~~(b) Before the fifth day of each month, all money contained in a~~
27 ~~county hospital care for the indigent fund at the end of the preceding~~
28 ~~month shall be transferred to the state uninsured parents program fund.~~

29 SECTION 189. IC 12-17.8-2-2, AS ADDED BY P.L.283-2001,
30 SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JANUARY 1, 2004]: Sec. 2. (a) The state uninsured parents program
32 fund consists of the following:

33 (1) The money transferred to the state uninsured parents program
34 fund from the county hospital care for the indigent funds.

35 (2) The money transferred to the state uninsured parents program
36 fund under IC 12-15-20-2(5).

37 (3) The money transferred to the state uninsured parents program
38 fund under IC 12-16-14.1.

(4) Any contributions to the fund from individuals, corporations, foundations, public or private trust funds, or others for the purpose of providing medical assistance to uninsured parents.

~~(5) The money advanced to the fund under section 5 of this chapter.~~

~~(6)~~ (5) The appropriations made specifically to the fund by the general assembly or a state board, trust, or fund.

~~(7)~~ (6) Any voluntary intergovernmental transfer to the fund.

(b) This section does not obligate the general assembly or any state board, trust, or fund to appropriate money to the state uninsured parents program fund.

SECTION 190. IC 12-17.8-2-4, AS ADDED BY P.L.283-2001, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) Subject to subsections (c) and (d), money in the state uninsured parents program fund at the end of a state fiscal year remains in the fund and does not revert to the state general fund.

(b) For each state fiscal year beginning July 1, 2002, **to the extent that money is available in the fund that is not needed to meet the expenses of the uninsured parents program**, the office of ~~the uninsured parents program established by IC 12-17.7-2-1~~ **Medicaid policy and planning established by IC 12-8-6-1** shall transfer from the state uninsured parents program fund an amount equal to the amount determined by multiplying thirty-five million dollars (\$35,000,000) by the federal medical assistance percentage for the state fiscal year. The transferred amount shall be used for Medicaid current obligations. The transfer may be made in a single payment or multiple payments throughout the state fiscal year.

(c) At the end of a state fiscal year, the office shall do the following:

(1) Determine the sums on deposit in the state uninsured parents program fund.

(2) Calculate a reasonable estimate of the sums to be transferred to the state uninsured parents program fund during the next state fiscal year, taking into consideration the timing of the transfers.

(3) Calculate a reasonable estimate of the expenses to be paid by the program during the next state fiscal year, taking into consideration the likely number of enrollees in the program during the next state fiscal year.

(d) If the amount on deposit in the state uninsured parents program fund at the end of a state fiscal year, combined with the estimated amount of transfers of funds into the fund during the next state fiscal year, exceeds the estimate of the expenses to be paid by the program during the next state fiscal year, then a sum equal to the excess amount shall be transferred from the funds on deposit in the state uninsured parents program fund at the end of the state fiscal year to the Medicaid indigent care trust fund for purposes of IC 12-15-20-2(5)(D).

SECTION 191. IC 12-18-4-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. A:

(1) city, town, county, or township; or

(2) an entity that is exempted from the ~~Indiana gross income~~ **retail tax under IC 6-2.1-3-20; IC 6-2.5-5-21(b)(1)(B);**

that desires to receive a grant under this chapter or enter into a contract with the council must apply in the manner prescribed by the rules of the division.

SECTION 192. IC 12-19-1-21, AS ADDED BY P.L.273-1999, SECTION 62, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 21. (a) Notwithstanding any other law, after December 31, 1999, a county may not impose any of the following:

(1) A property tax levy for a county welfare fund.

(2) A property tax levy for a county welfare administration fund.

(b) Notwithstanding any other law, after December 31, 2003, a county may not impose any of the following:

(1) A property tax levy for a county medical assistance to wards fund (IC 12-13-8-2 (repealed)).

(2) A property tax levy for a children with special health care needs county fund (IC 16-35-3-1 (repealed)).

(3) The part of a county general fund levy imposed under IC 12-16-14-1 (repealed) to transfer money to the state for the hospital care for indigent program or the uninsured parent program.

SECTION 193. IC 12-19-7-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) ~~For taxes first due and payable in 1995, each county must impose a county family and children property tax levy equal to the amount determined using the following formula:~~

~~STEP ONE: Determine the sum of the amounts that were paid by~~

the county minus the amounts reimbursed by the state (including reimbursements made with federal money); as determined by the state board of accounts; in 1991, 1992, and 1993 for the following:

(A) Payments for administrative expenses of the county office of family and children in administering the provision of child services:

(B) Payments for the services described in section 4 of this chapter that were made on behalf of the children described in section 4 of this chapter and for which payment was made from the county welfare fund:

(C) Payment for the facilities, supplies, and equipment needed for the provision of child services as operated by the county office of family and children:

(D) Payment of all other expenses incurred in providing child services that were paid by the county office of family and children:

STEP TWO: Subtract from the amount determined in STEP ONE the sum of the miscellaneous taxes that were allocated to:

(A) the county welfare administration fund and used to pay expenses for administration, facilities, supplies, and equipment for the provision of child services in 1991, 1992, and 1993; and

(B) the county welfare fund, the county general fund, or the county welfare loan fund (whichever of the funds applies) and used to pay the costs of providing child services in 1991, 1992, and 1993:

STEP THREE: Divide the amount determined in STEP TWO by three (3):

STEP FOUR: Calculate the STEP ONE amount and the STEP TWO amount for 1993 expenses only:

STEP FIVE: Adjust the amounts determined in STEP THREE and STEP FOUR by the amount determined by the state board of tax commissioners under subsection (c):

STEP SIX: Determine whether the amount calculated in STEP THREE, as adjusted in STEP FIVE, or the amount calculated in STEP FOUR, as adjusted in STEP FIVE, is greater. Multiply the greater amount by the greater of:

(A) the assessed value growth quotient determined under

1 ~~IC 6-1.1-18.5-2~~ for the county for property taxes first due and
 2 payable in ~~1995~~; or
 3 ~~(B) the statewide average assessed value growth quotient using~~
 4 ~~the county assessed value growth quotients determined under~~
 5 ~~IC 6-1.1-18.5-2 for property taxes first due and payable in 1995.~~
 6 **STEP SEVEN:** Multiply the amount determined in STEP SIX by
 7 the county's assessed value growth quotient for property taxes first
 8 due and payable in ~~1995~~; as determined under ~~IC 6-1.1-18.5-2~~.
 9 **For taxes first due and payable in 2004, each county shall**
 10 **impose a county family and children property tax levy equal**
 11 **to the product of:**
 12 **(A) fifty percent (50%) of the county family and children**
 13 **property tax levy imposed for taxes first due and payable in**
 14 **the preceding year; multiplied by**
 15 **(B) the greater of:**
 16 **(i) the county's assessed value growth quotient for the**
 17 **ensuing calendar year, as determined under**
 18 **IC 6-1.1-18.5-2; or**
 19 **(ii) one (1).**
 20 (b) For taxes first due and payable in each year after ~~1995~~, **2004**,
 21 each county shall impose a county family and children property tax
 22 levy equal to the product of:
 23 (1) the county family and children property tax levy imposed for
 24 taxes first due and payable in the preceding year; multiplied by
 25 (2) the greater of:
 26 (A) the county's assessed value growth quotient for the ensuing
 27 calendar year, as determined under IC 6-1.1-18.5-2; or
 28 (B) one (1).
 29 When a year in which a statewide general reassessment of real property
 30 first becomes effective is the year preceding the year that the property
 31 tax levy under this subsection will be first due and payable, the amount
 32 to be used in subdivision (2) equals the average of the amounts used in
 33 determining the two (2) most recent adjustments in the county's levy
 34 under this section.
 35 (c) For taxes first due and payable in ~~1995~~ and in ~~1996~~, the state
 36 board of tax commissioners shall adjust the levy for each county to
 37 reflect the county's actual child services expenses incurred in providing
 38 child services in ~~1991~~, ~~1992~~, and ~~1993~~. In making this adjustment, the

1 ~~state board of tax commissioners may consider all relevant information,~~
 2 ~~including the county's use of bond and loan proceeds to pay these~~
 3 ~~expenses.~~

4 (d) (c) The ~~state board~~ **department** of ~~tax commissioners~~ **local**
 5 **government finance** shall review each county's property tax levy under
 6 this section and shall enforce the requirements of this section with
 7 respect to that levy.

8 SECTION 194. IC 12-19-7-6 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. (a) The county
 10 director, upon the advice of the judges of the courts with juvenile
 11 jurisdiction in the county, shall annually compile and adopt a child
 12 services budget, which must be in a form prescribed by the state board
 13 of accounts. The budget may not exceed the **sum of the** levy limitation
 14 set forth in IC 6-1.1-18.6 **and the amount of the distribution from**
 15 **the division to the county determined for the year under section**
 16 **21.5 of this chapter.**

17 (b) The budget must contain an estimate of the amount of money
 18 that will be needed by the county office during the fiscal year to defray
 19 the expenses and obligations incurred by the county office in the
 20 payment of services for children adjudicated to be children in need of
 21 services or delinquent children and other related services, but not
 22 including the payment of AFDC.

23 SECTION 195. IC 12-19-7-7 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 7. (a) The county
 25 director shall, with the assistance of the judges of courts with juvenile
 26 jurisdiction in the county and at the same time the budget is compiled
 27 and adopted, recommend to the division the tax levy that the director
 28 and judges determine will be required to raise the amount of revenue
 29 necessary to pay the expenses and obligations of the county office set
 30 forth in the budget under section 6 of this chapter. However, the tax
 31 levy may not exceed the maximum permissible levy set forth in
 32 IC 6-1.1-18.6 and the budget may not exceed the **sum of the** levy
 33 limitation set forth in IC 6-1.1-18 **and the amount of the distribution**
 34 **from the division to the county determined for the year under**
 35 **section 21.5 of this chapter.**

36 (b) After the county budget has been compiled, the county director
 37 shall submit a copy of the budget and the tax levy recommended by the
 38 county director and the judges of courts with juvenile jurisdiction in the

1 county to the division. The division shall examine the budget and the
 2 tax levy for the purpose of determining whether, in the judgment of the
 3 division:

4 (1) the appropriations requested in the budget will be adequate to
 5 defray the expenses and obligations incurred by the county office
 6 in the payment of child services for the next fiscal year; and

7 (2) the tax levy recommended will yield the amount of the
 8 appropriation set forth in the budget **after accounting for the**
 9 **amount of the distribution from the division to the county**
 10 **determined for the year under section 21.5 of this chapter.**

11 SECTION 196. IC 12-19-7-11 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 11. In September
 13 of each year, at the time provided by law, the county fiscal body shall
 14 do the following:

15 (1) Make the appropriations out of the family and children's fund
 16 that are:

17 (A) based on the budget as submitted; and

18 (B) necessary to maintain the child services of the county for
 19 the next fiscal year, subject to the maximum levy set forth in
 20 IC 6-1.1-18.6.

21 (2) Levy a tax in an amount necessary to produce the appropriated
 22 money **after accounting for the amount of the distribution**
 23 **from the division to the county determined for the year under**
 24 **section 21.5 of this chapter.**

25 SECTION 197. IC 12-19-7-21.5 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JANUARY 1, 2004]: **Sec. 21.5. (a) In each calendar**
 28 **year beginning with calendar year 2004, the division shall**
 29 **distribute the amount determined under this section to each county**
 30 **for deposited in the fund.**

31 (b) The division shall distribute an amount under this section
 32 equal to the lesser of the following:

33 (1) Fifty percent (50%) of the amount appropriated by the
 34 county for the calendar year and expended for child services.

35 (2) The amount of the maximum county family and children
 36 property tax levy under IC 6-1.1-18.6-2, as adjusted under
 37 IC 6-1.1-18.6-3.

38 (c) The division shall distribute money for the payment of the

1 state's obligation to fund the programs, services, and activities
 2 described in subsection (b) in two (2) installments on June 15 and
 3 December 15 of each year. A county treasurer shall deposit money
 4 received under this section in the fund. The county and the division
 5 shall provide for the settlement of any surplus or deficit in the
 6 amount distributable under this section in a calendar year before
 7 July 1 in the immediately subsequent calendar year."

8 Page 25, line 42, delete "in the environmental management" and
 9 insert "as follows:

10 (A) Fifty percent (50%) in the environmental management
 11 permit operation fund established by IC 13-15-11-1.

12 (B) Fifty percent (50%) in the state general fund."

13 Page 26, delete line 1, begin a new paragraph and insert:

14 "SECTION 31. IC 13-17-5-7, AS AMENDED BY P.L.229-1999,
 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JULY 1, 2002]: Sec. 7. (a) The department shall annually advise the
 17 budget committee on whether:

18 (1) money ~~appropriated by the general assembly; available from~~
 19 ~~the underground petroleum storage tank excess liability trust~~
 20 ~~fund established in IC 13-23-7-1; and~~

21 (2) money available through federal grants;

22 is adequate to implement a motor vehicle emissions testing program
 23 described in section 5.1 of this chapter.

24 (b) If the money described under subsection (a) becomes
 25 insufficient to implement a motor vehicle emissions testing program,
 26 the department shall immediately notify:

27 (1) the governor; and

28 (2) the budget committee;

29 of the insufficiency."

30 Page 26, line 6, delete "three hundred" and insert "**two hundred**".

31 Page 26, line 6, delete "(\$1,300) and insert "**(\$1,200)**".

32 Page 26, line 8, delete "five" and insert "**four**".

33 Page 26, line 8, after "hundred" insert "**eighty**".

34 Page 26, line 8, delete "(\$500)" and insert "**(\$480)**".

35 Page 26, line 12, delete "\$312" and insert "**\$288**".

36 Page 26, line 14, delete "\$468" and insert "**\$432**".

37 Page 26, line 15, delete "\$1,092" and insert "**\$1,008**".

38 Page 26, line 16, delete "\$1,560" and insert "**\$1,440**".

- 1 Page 26, line 17, delete "\$2,184" and insert "**\$2,016**".
- 2 Page 26, line 18, delete "\$2,678" and insert "**\$2,472**".
- 3 Page 26, line 19, delete "\$4,680" and insert "**\$4,320**".
- 4 Page 26, line 20, delete "\$7,020" and insert "**\$6,480**".
- 5 Page 26, line 21, delete "\$10,920" and insert "**\$10,080**".
- 6 Page 26, line 22, delete "\$15,600" and insert "**\$14,400**".
- 7 Page 26, line 23, delete "\$21,840" and insert "**\$20,160**".
- 8 Page 26, line 24, delete "\$29,640" and insert "**\$27,360**".
- 9 Page 26, line 25, delete "\$37,440" and insert "**\$34,560**".
- 10 Page 26, line 26, delete "\$45,240" and insert "**\$41,760**".
- 11 Page 26, line 34, delete "fifty".
- 12 Page 26, line 34, delete "(\$650)" and insert "**(\$600)**".
- 13 Page 26, line 39, delete "\$650" and insert "**\$600**".
- 14 Page 26, line 40, delete "\$975" and insert "**\$900**".
- 15 Page 26, line 41, delete "\$1,300" and insert "**\$1,200**".
- 16 Page 26, line 42, delete "\$1,950" and insert "**\$1,800**".
- 17 Page 27, line 1, delete "\$3,250" and insert "**\$3,000**".
- 18 Page 27, line 2, delete "\$4,550" and insert "**\$4,200**".
- 19 Page 27, line 7, delete "\$975" and insert "**\$900**".
- 20 Page 27, line 8, delete "\$1,950" and insert "**\$1,800**".
- 21 Page 27, line 9, delete "\$2,600" and insert "**\$2,400**".
- 22 Page 27, line 10, delete "\$3,250" and insert "**\$3,000**".
- 23 Page 27, line 14, strike "five" and insert "**six**".
- 24 Page 27, line 14, strike "(\$1,500)" and insert "**(\$1,800)**".
- 25 Page 27, line 16, after "hundred" insert "**eighty**".
- 26 Page 27, line 16, strike "(\$400)" and insert "**(\$480)**".
- 27 Page 27, line 20, delete "\$390" and insert "**\$360**".
- 28 Page 27, line 21, delete "\$780" and insert "**\$720**".
- 29 Page 27, line 22, delete "\$2,600" and insert "**\$2,400**".
- 30 Page 27, line 23, delete "\$5,200" and insert "**\$4,800**".
- 31 Page 27, line 24, delete "\$6,500" and insert "**\$6,000**".
- 32 Page 27, line 25, delete "\$7,800" and insert "**\$7,200**".
- 33 Page 27, line 26, delete "\$9,100" and insert "**\$8,400**".
- 34 Page 27, line 27, delete "\$10,400" and insert "**\$9,600**".
- 35 Page 27, line 28, delete "\$13,000" and insert "**\$12,000**".
- 36 Page 27, line 29, delete "\$16,900" and insert "**\$15,600**".
- 37 Page 27, line 30, delete "\$19,500" and insert "**\$18,000**".

- 1 Page 27, line 31, delete "\$26,000" and insert "**\$24,000**".
- 2 Page 27, line 32, delete "\$28,600" and insert "**\$26,400**".
- 3 Page 27, line 36, delete "three" and insert "**two**".
- 4 Page 27, line 36, delete "(\$1,300)" and insert "**(\$1,200)**".
- 5 Page 27, line 38, rest in roman "four".
- 6 Page 27, line 38, delete "five".
- 7 Page 27, line 38, delete "twenty" and insert "**eighty**".
- 8 Page 27, line 38, delete "(\$520)" and insert "**(\$480)**".
- 9 Page 28, line 3, delete "\$312" and insert "**\$288**".
- 10 Page 28, line 4, delete "\$468" and insert "**\$432**".
- 11 Page 28, line 5, delete "\$1,092" and insert "**\$1,008**".
- 12 Page 28, line 6, delete "\$1,560" and insert "**\$1,440**".
- 13 Page 28, line 7, delete "\$2,184" and insert "**\$2,016**".
- 14 Page 28, line 8, delete "\$2,678" and insert "**\$2,472**".
- 15 Page 28, line 9, delete "\$4,680" and insert "**\$4,320**".
- 16 Page 28, line 10, delete "\$7,020" and insert "**\$6,480**".
- 17 Page 28, line 11, delete "\$10,920" and insert "**\$10,080**".
- 18 Page 28, line 12, delete "\$15,600" and insert "**\$14,400**".
- 19 Page 28, line 13, delete "\$21,840" and insert "**\$20,160**".
- 20 Page 28, line 14, delete "\$29,640" and insert "**\$27,360**".
- 21 Page 28, line 15, delete "\$37,440" and insert "**\$34,560**".
- 22 Page 28, line 16, delete "\$45,240" and insert "**\$41,760**".
- 23 Page 28, line 20, delete "three" and insert "**two**".
- 24 Page 28, line 20, delete "(\$1,300)" and insert "**(\$1,200)**".
- 25 Page 28, line 22, reset in roman "four".
- 26 Page 28, line 22, delete "five".
- 27 Page 28, line 22, delete "twenty" and insert "**eighty**".
- 28 Page 28, line 22, delete "(\$520)" and insert "**(\$480)**".
- 29 Page 28, line 27, delete "\$312" and insert "**\$288**".
- 30 Page 28, line 28, delete "\$468" and insert "**\$432**".
- 31 Page 28, line 29, delete "\$1,092" and insert "**\$1,008**".
- 32 Page 28, line 30, delete "\$1,560" and insert "**\$1,440**".
- 33 Page 28, line 31, delete "\$2,184" and insert "**\$2,016**".
- 34 Page 28, line 32, delete "\$2,678" and insert "**\$2,472**".
- 35 Page 28, line 33, delete "\$4,680" and insert "**\$4,320**".
- 36 Page 28, line 34, delete "\$7,020" and insert "**\$6,480**".
- 37 Page 28, line 35, delete "\$10,920" and insert "**\$10,080**".

- 1 Page 28, line 36, delete "\$15,600" and insert "**\$14,400**".
- 2 Page 28, line 37, delete "\$21,840" and insert "**\$20,160**".
- 3 Page 28, line 38, delete "\$29,640" and insert "**\$27,360**".
- 4 Page 28, line 39, delete "\$37,440" and insert "**\$34,560**".
- 5 Page 28, line 40, delete "\$45,240" and insert "**\$41,760**".
- 6 Page 29, line 2, delete "seventy-five".
- 7 Page 29, line 2, delete "(\$975)" and insert "**(\$900)**".
- 8 Page 29, line 4, delete "sixty" and insert "**forty**".
- 9 Page 29, line 4, delete "(\$260)" and insert "**(\$240)**".
- 10 Page 29, line 8, delete "\$195" and insert "**\$180**".
- 11 Page 29, line 9, delete "\$390" and insert "**\$360**".
- 12 Page 29, line 10, delete "\$1,300" and insert "**\$1,200**".
- 13 Page 29, line 11, delete "\$2,600" and insert "**\$2,400**".
- 14 Page 29, line 12, delete "\$3,250" and insert "**\$3,000**".
- 15 Page 29, line 13, delete "\$3,900" and insert "**\$3,600**".
- 16 Page 29, line 14, delete "\$4,550" and insert "**\$4,200**".
- 17 Page 29, line 15, delete "\$5,200" and insert "**\$4,800**".
- 18 Page 29, line 16, delete "\$6,500" and insert "**\$6,000**".
- 19 Page 29, line 17, delete "\$8,450" and insert "**\$7,800**".
- 20 Page 29, line 18, delete "\$9,750" and insert "**\$9,000**".
- 21 Page 29, line 19, delete "\$13,000" and insert "**\$12,000**".
- 22 Page 29, line 20, delete "\$14,300" and insert "**\$13,200**".
- 23 Page 29, line 24, delete "three" and insert "**two**".
- 24 Page 29, line 24, delete "(\$1,300)" and insert "**(\$1,200)**".
- 25 Page 29, line 26, reset in roman "four".
- 26 Page 29, line 26, delete "five".
- 27 Page 29, line 26, after "hundred" insert "**eighty**".
- 28 Page 29, line 26, delete "(\$520)" and insert "**(\$480)**".
- 29 Page 29, line 32, delete "\$312" and insert "**\$288**".
- 30 Page 29, line 33, delete "\$468" and insert "**\$432**".
- 31 Page 29, line 34, delete "\$1,092" and insert "**\$1,008**".
- 32 Page 29, line 35, delete "\$1,560" and insert "**\$1,440**".
- 33 Page 29, line 36, delete "\$2,184" and insert "**\$2,016**".
- 34 Page 29, line 37, delete "\$2,678" and insert "**\$2,472**".
- 35 Page 29, line 38, delete "\$4,680" and insert "**\$4,320**".
- 36 Page 29, line 39, delete "\$7,020" and insert "**\$6,480**".
- 37 Page 29, line 40, delete "\$10,920" and insert "**\$10,080**".

- 1 Page 29, line 41, delete "\$15,600" and insert "**\$14,400**".
- 2 Page 29, line 42, delete "\$21,840" and insert "**\$20,160**".
- 3 Page 30, line 1, delete "\$29,640" and insert "**\$27,360**".
- 4 Page 30, line 2, delete "\$37,440" and insert "**\$34,560**".
- 5 Page 30, line 3, delete "\$45,240" and insert "**\$41,760**".
- 6 Page 30, line 6, delete "thirty" and insert "**twenty**".
- 7 Page 30, line 7, delete "(\$130)" and insert "**(\$120)**".
- 8 Page 30, line 9, delete "thirty" and insert "**twenty**".
- 9 Page 30, line 9, delete "(\$130)" and insert "**(\$120)**".
- 10 Page 30, line 13, delete "fifty-five" and insert "**twenty**".
- 11 Page 30, line 13, delete "(\$455)" and insert "**(\$420)**".
- 12 Page 30, between lines 13 and 14, begin a new paragraph and insert:
- 13 "SECTION 41. IC 13-18-20-16 IS AMENDED TO READ AS
- 14 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 16. The fees and
- 15 delinquency charges established under this chapter:
- 16 (1) are payable to the department; and
- 17 (2) shall be deposited **as follows**:
- 18 (A) **Ninety-one and six hundred sixty-six thousandths**
- 19 **percent (91.666%)** in the environmental management permit
- 20 operation fund established by IC 13-15-11-1.
- 21 (B) **Eight and three hundred thirty-four thousandths**
- 22 **percent (8.334%) in the state general fund."**
- 23 Page 30, line 19, delete "\$40,690" and insert "**\$37,560**".
- 24 Page 30, line 21, delete "\$26,000" and insert "**\$24,000**".
- 25 Page 30, line 23, delete "\$40,690" and insert "**\$37,560**".
- 26 Page 30, line 24, delete "\$40,690" and insert "**\$37,560**".
- 27 Page 30, line 25, delete "\$26,000" and insert "**\$24,000**".
- 28 Page 30, line 27, delete "\$15,795" and insert "**\$14,580**".
- 29 Page 30, line 28, delete "\$15,795" and insert "**\$14,580**".
- 30 Page 30, line 29, delete "\$37,245" and insert "**\$34,380**".
- 31 Page 30, line 31, delete "\$650" and insert "**\$600**".
- 32 Page 30, line 32, delete "\$260" and insert "**\$240**".
- 33 Page 30, line 34, delete "\$32.50" and insert "**\$30**".
- 34 Page 30, line 36, delete "\$19,955" and insert "**\$18,420**".
- 35 Page 30, line 38, delete "\$9,295" and insert "**\$8,580**".
- 36 Page 30, line 40, delete "\$19,955" and insert "**\$18,420**".
- 37 Page 30, line 41, delete "\$19,955" and insert "**\$18,420**".
- 38 Page 30, line 42, delete "\$9,295" and insert "**\$8,580**".

- 1 Page 31, line 2, delete "\$2,860" and insert "**\$2,640**".
- 2 Page 31, line 3, delete "\$2,860" and insert "**\$2,640**".
- 3 Page 31, line 4, delete "\$7,670" and insert "**\$7,080**".
- 4 Page 31, line 5, delete "\$260" and insert "**\$240**".
- 5 Page 31, line 7, delete "\$3,250" and insert "**\$3,000**".
- 6 Page 31, line 13, delete "\$45,500" and insert "**\$42,000**".
- 7 Page 31, line 14, delete "\$19,500" and insert "**\$18,000**".
- 8 Page 31, line 15, delete "\$9,100" and insert "**\$8,400**".
- 9 Page 31, line 16, delete "\$2,600" and insert "**\$2,400**".
- 10 Page 31, line 18, delete "\$1,950" and insert "**\$1,800**".
- 11 Page 31, line 20, delete "\$45,500" and insert "**\$42,000**".
- 12 Page 31, line 21, delete "\$32,500" and insert "**\$30,000**".
- 13 Page 31, line 22, delete "\$13,000" and insert "**\$12,000**".
- 14 Page 31, line 24, delete "\$2,600" and insert "**\$2,400**".
- 15 Page 31, line 25, delete "\$2,600" and insert "**\$2,400**".
- 16 Page 31, line 27, delete "\$45,500" and insert "**\$42,000**".
- 17 Page 31, line 28, delete "\$19,500" and insert "**\$18,000**".
- 18 Page 31, line 29, delete "\$9,100" and insert "**\$8,400**".
- 19 Page 31, line 30, delete "\$2,600" and insert "**\$2,400**".
- 20 Page 31, line 32, delete "\$6,500" and insert "**\$6,000**".
- 21 Page 31, line 34, delete "\$650" and insert "**\$600**".
- 22 Page 31, line 36, delete "\$32.50" and insert "**\$30**".
- 23 Page 31, line 40, delete "\$325" and insert "**\$300**".
- 24 Page 32, line 5, delete "\$0.13" and insert "**\$0.12**".
- 25 Page 32, line 7, delete "\$0.13" and insert "**\$0.12**".
- 26 Page 32, line 9, delete "\$0.065" and insert "**\$0.06**".
- 27 Page 32, line 11, delete "\$0.13" and insert "**\$0.12**".
- 28 Page 32, between lines 14 and 15, begin a new paragraph and insert:
- 29 "SECTION 80. IC 13-21-12-3 IS AMENDED TO READ AS
- 30 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. A security
- 31 issued in connection with a financing under this article, the interest on
- 32 which is excludable from **adjusted** gross income tax, is exempt from
- 33 the registration requirements of IC 23.
- 34 SECTION 198. IC 13-20-21-14 IS AMENDED TO READ AS
- 35 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 14. Fees and
- 36 delinquency charges collected under this chapter:
- 37 (1) are payable to the department; and
- 38 (2) shall be deposited **as follows**:

1 **(A) Ninety-one and six hundred sixty-six thousandths**
 2 **percent (91.666%)** in the environmental management permit
 3 operation fund established by IC 13-15-11-1.

4 **(B) Eight and three hundred thirty-four thousandths**
 5 **percent (8.334%) in the state general fund."**

6 Page 32, line 20, delete "\$52,780" and insert "**\$48,720**".

7 Page 32, line 21, delete "\$28,210" and insert "**\$26,040**".

8 Page 32, line 22, delete "\$30,940" and insert "**\$28,560**".

9 Page 32, line 23, delete "\$30,940" and insert "**\$28,560**".

10 Page 32, line 26, delete "\$44,200" and insert "**\$40,800**".

11 Page 32, line 27, delete "\$28,210" and insert "**\$26,040**".

12 Page 32, line 28, delete "\$22,360" and insert "**\$20,640**".

13 Page 32, line 29, delete "\$22,360" and insert "**\$20,640**".

14 Page 32, line 31, delete "\$2,925" and insert "**\$2,700**".

15 Page 32, line 36, delete "\$48,750" and insert "**\$45,000**".

16 Page 32, line 37, delete "\$13,000" and insert "**\$12,000**".

17 Page 32, line 38, delete "\$3,250" and insert "**\$3,000**".

18 Page 32, line 39, delete "\$13,000" and insert "**\$12,000**".

19 Page 32, line 40, delete "\$2,034.50" and insert "**\$1,878**".

20 Page 32, line 41, delete "\$1,950" and insert "**\$1,800**".

21 Page 33, line 2, delete "\$1,300" and insert "**\$1,200**".

22 Page 33, between lines 2 and 3, begin a new paragraph and insert:

23 "SECTION 46. IC 13-22-12-13 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 13. The fees and
 25 delinquency charges collected under this chapter:

26 (1) are payable to the department; and

27 (2) shall be deposited **as follows:**

28 **(A) Ninety-one and six hundred sixty-six thousandths**
 29 **percent (91.666%)** in the environmental management permit
 30 operation fund established by IC 13-15-11-1.

31 **(B) Eight and three hundred thirty-four thousandths**
 32 **percent (8.334%) in the state general fund.**

33 SECTION 199. IC 13-23-7-1, AS AMENDED BY P.L.14-2001,
 34 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2002]: Sec. 1. The underground petroleum storage tank excess
 36 liability trust fund is established for the following purposes:

37 (1) Assisting owners and operators of underground petroleum
 38 storage tanks to establish evidence of financial responsibility as

1 required under IC 13-23-4.

2 (2) Providing a source of money to satisfy liabilities incurred by
3 owners and operators of underground petroleum storage tanks
4 under IC 13-23-13-8 for corrective action.

5 (3) Providing a source of money for the indemnification of third
6 parties under IC 13-23-9-3.

7 (4) Providing a source of money to pay for the expenses of the
8 department incurred in paying and administering claims against
9 the trust fund. Money may be provided under this subdivision
10 only for those job activities and expenses that consist exclusively
11 of administering the excess liability trust fund.

12 **(5) Providing a source of money to pay for the expenses of the**
13 **department incurred in operating and administering a motor**
14 **vehicle inspection and maintenance program established**
15 **under IC 13-17-5.**

16 SECTION 200. IC 13-23-7-4, AS AMENDED BY P.L.14-2001,
17 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
18 JULY 1, 2002]: Sec. 4. The expenses of administering:

19 **(1) IC 13-17-5; and**

20 **(2) the provisions of this article that are funded by the trust fund,**
21 **including:**

22 ~~(1)~~ **(A)** IC 13-23-8;

23 ~~(2)~~ **(B)** IC 13-23-9;

24 ~~(3)~~ **(C)** IC 13-23-11; and

25 ~~(4)~~ **(D)** IC 13-23-12;

26 shall be paid from money in the fund.

27 SECTION 201. IC 13-23-8-1, AS AMENDED BY P.L.14-2001,
28 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2002]: Sec. 1. **(a)** The department, under rules adopted by the
30 underground storage tank financial assurance board under IC 4-22-2,
31 shall use money in the excess liability trust fund, to the extent that
32 money is available in the excess liability trust fund, to pay claims
33 submitted to the department for the following:

34 (1) The payment of the costs allowed under IC 13-23-9-2,
35 excluding:

36 (A) liabilities to third parties; and

37 (B) the costs of repairing or replacing an underground storage
38 tank;

1 arising out of releases of petroleum.

2 (2) Providing payment of part of the liability of owners and
3 operators of underground petroleum storage tanks:

4 (A) to third parties under IC 13-23-9-3; or

5 (B) for reasonable attorney's fees incurred in defense of a third
6 party liability claim.

7 **(b) The department may use money in the excess liability trust**
8 **fund, to the extent that money is available in the excess liability**
9 **trust fund, to pay for all or part of the expenses incurred in**
10 **operating and administering a motor vehicle inspection and**
11 **maintenance program established under IC 13-17-5.**

12 SECTION 202. IC 16-28-11-1, AS AMENDED BY P.L.218-1999,
13 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2002]: Sec. 1. Except as provided in IC 16-28-1-11, ~~and~~
15 IC 16-28-7-4, **and section 4 of this chapter**, fines or fees required to
16 be paid under this article shall be paid directly to the director, who
17 shall deposit the fines or fees in the state general fund.

18 SECTION 203. IC 16-28-11-4 IS ADDED TO THE INDIANA
19 CODE AS A **NEW SECTION** TO READ AS FOLLOWS
20 [EFFECTIVE JULY 1, 2002]: **Sec. 4. A health facility shall pay the**
21 **fee required under IC 12-15-14.5.**

22 SECTION 204. IC 16-33-4-17 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 17. (a) Each child,
24 the estate of the child, the parent or parents of the child, or the guardian
25 of the child, individually or collectively, are liable for the payment of
26 the costs of maintenance of the child of up to one hundred percent
27 (100%) of the per capita cost, except as otherwise provided. The cost
28 shall be computed annually by dividing the total annual cost of
29 operation for the fiscal year, exclusive of the cost of education
30 programs, construction, and equipment, by the total child days each
31 year. The maintenance cost shall be referred to as maintenance charges.
32 The charge may not be levied against any of the following:

33 (1) The division of family and children or the county office of
34 family and children. ~~to be derived from county tax sources.~~

35 (2) A child orphaned by reason of the death of the natural parents.

36 (b) The billing and collection of the maintenance charges as
37 provided for in subsection (a) shall be made by the superintendent of
38 the home based on the per capita cost for the preceding fiscal year. All

1 money collected shall be deposited in a fund to be known as the
2 Indiana soldiers' and sailors' children's home maintenance fund. The
3 fund shall be used by the state health commissioner for the:

4 (1) preventative maintenance; and

5 (2) repair and rehabilitation;

6 of buildings of the home that are used for housing, food service, or
7 education of the children of the home.

8 (c) The superintendent of the home may, with the approval of the
9 state health commissioner, agree to accept payment at a lesser rate than
10 that prescribed in subsection (a). The superintendent of the home shall,
11 in determining whether or not to accept the lesser amount, take into
12 consideration the amount of money that is necessary to maintain or
13 support any member of the family of the child. All agreements to
14 accept a lesser amount are subject to cancellation or modification at
15 any time by the superintendent of the home with the approval of the
16 state health commissioner.

17 (d) A person who has been issued a statement of amounts due as
18 maintenance charges may petition the superintendent of the home for
19 a release from or modification of the statement and the superintendent
20 shall provide for hearings to be held on the petition. The superintendent
21 of the home may, with the approval of the state health commissioner
22 and after the hearing, cancel or modify the former statement and at any
23 time for due cause may increase the amounts due for maintenance
24 charges to an amount not to exceed the maximum cost as determined
25 under subsection (a).

26 (e) The superintendent of the home may arrange for the
27 establishment of a graduation or discharge trust account for a child by
28 arranging to accept a lesser rate of maintenance charge. The trust fund
29 must be of sufficient size to provide for immediate expenses upon
30 graduation or discharge.

31 (f) The superintendent may make agreements with instrumentalities
32 of the federal government for application of any monetary awards to be
33 applied toward the maintenance charges in a manner that provides a
34 sufficient amount of the periodic award to be deposited in the child's
35 trust account to meet the immediate personal needs of the child and to
36 provide a suitable graduation or discharge allowance. The amount
37 applied toward the settlement of maintenance charges may not exceed
38 the amount specified in subsection (a).

- 1 (g) The superintendent of the home may do the following:
- 2 (1) Investigate, either with the superintendent's own staff or on a
- 3 contractual or other basis, the financial condition of each person
- 4 liable under this chapter.
- 5 (2) Make determinations of the ability of:
- 6 (A) the estate of the child;
- 7 (B) the legal guardian of the child; or
- 8 (C) each of the responsible parents of the child;
- 9 to pay maintenance charges.
- 10 (3) Set a standard as a basis of judgment of ability to pay that
- 11 shall be recomputed periodically to do the following:
- 12 (A) Reflect changes in the cost of living and other pertinent
- 13 factors.
- 14 (B) Provide for unusual and exceptional circumstances in the
- 15 application of the standard.
- 16 (4) Issue to any person liable under this chapter statements of
- 17 amounts due as maintenance charges, requiring the person to pay
- 18 monthly, quarterly, or otherwise as may be arranged, an amount
- 19 not exceeding the maximum cost as determined under this
- 20 chapter.

21 SECTION 205. IC 16-35-2-10 IS ADDED TO THE INDIANA

22 CODE AS A NEW SECTION TO READ AS FOLLOWS

23 [EFFECTIVE JANUARY 1, 2004]: **Sec. 10. The state department**

24 **shall use money appropriated from the state general fund for**

25 **services to children with special health care needs to pay the**

26 **expenses and obligations incurred by the state department for**

27 **services to children with special health care needs.**

28 SECTION 206. IC 16-42-5-4 IS AMENDED TO READ AS

29 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. (a) An

30 organization that is exempt from the ~~Indiana state gross income retail~~

31 ~~tax under IC 6-2.1-3-20 through IC 6-2.1-3-22~~ **IC 6-2.5-5-21(b)(1)(B),**

32 **IC 6-2.5-5-21(b)(1)(C), or IC 6-2.5-5-21(b)(1)(D)** and that offers food

33 for sale to the final consumer at an event held for the benefit of the

34 organization is exempt from complying with the requirements of this

35 chapter that may be imposed upon the sale of food at that event if the

36 following conditions are met:

- 37 (1) Members of the organization prepare the food that will be
- 38 sold.

(2) Events conducted by the organization under this section take place for not more than thirty (30) days in a calendar year.

(3) The name of each member who has prepared a food item is attached to the container in which the food item has been placed.

(b) This section does not prohibit an exempted organization from waiving the exemption and applying for a license under this chapter.

SECTION 207. IC 20-3-11-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. (a) Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of exhaustion, make temporary loans for the use of its general fund to be paid out of the:

(1) proceeds of taxes theretofore levied by such school city for its general fund; **and**

(2) anticipated state tuition support distributions.

The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for which the said general fund lawfully may be used.

(b) Any such temporary loan shall be evidenced by the promissory note or notes of said school city, shall bear interest at not more than seven per cent (7%) per annum, interest payable at the maturity of the note or periodically, as the note may express, and shall mature at such time or times as the board of school commissioners may decide, but not later than one (1) year from the date of the note. No such loan or loans made in any one (1) calendar year shall be for a sum greater than the amount estimated by said board as the:

(1) proceeds to be received by it from the levy of taxes theretofore made by said school city in behalf of; **and**

(2) amount of state tuition support distributions estimated to be received for and distributed to;

its said general fund.

(c) Successive loans may be made in aid of said general fund in any calendar year, but the aggregate amount thereof, outstanding at any one (1) time, shall not exceed such estimated:

(1) proceeds of taxes levied in behalf of; **and**

(2) state tuition support distributions to be received for and distributed to;

the said general fund.

1 (d) No such loan shall be made until notice asking for bids therefor
 2 shall have been given by newspaper publication, which publication
 3 shall be made one (1) time in a newspaper published in said city and
 4 said publication shall be at least seven (7) days before the time when
 5 bids for such loans will be opened. Bidders shall name the amount of
 6 interest they agree to accept not exceeding seven per cent (7%) per
 7 annum, and the loan shall be made to the bidder or bidders bidding the
 8 lowest rate of interest. The note or notes or warrants shall not be
 9 delivered until the full price of the face thereof shall be paid to the
 10 treasurer of said school city, and no interest shall accrue thereon before
 11 such delivery.

12 (e) Any such school corporation wishing to make a temporary loan
 13 in aid of its general fund, finding that it has need to exercise the power
 14 in this section above given to make a temporary loan, which has in its
 15 treasury money derived from the sale of bonds, which money derived
 16 from the sale of bonds can not or will not, in the due course of the
 17 business of said school city, be expended in the then near future, may,
 18 if it so elects, temporarily borrow, and without payment of interest,
 19 from such bond fund, for the use and aid of said general fund in the
 20 manner and to the extent hereinafter expressed, viz.: Such school city
 21 shall, by its board of school commissioners, take all the steps required
 22 by law to effect such temporary loan up to the point of advertising for
 23 bids or offers for such loans. It shall then present to the ~~state board of~~
 24 ~~tax commissioners of the state of Indiana; department of local~~
 25 ~~government finance~~, and to the state board of accounts of the state of
 26 Indiana, a copy of the corporate action of said school city concerning
 27 its desire to make such temporary loan and a petition showing the
 28 particular need for such temporary loan, and the amount and the date
 29 or dates when said general fund will need such temporary loan, or
 30 instalments of such loan, and the date at which such loan, and each
 31 instalment thereof, will be needed, and the estimated amounts from
 32 taxes **and state tuition support** to come into said general fund, and the
 33 dates when it is expected such proceeds of taxes **and state tuition**
 34 **support** will be received by such school city in behalf of said general
 35 fund, and showing what amount of money said school city has in any
 36 fund derived from the proceeds of the sale of bonds, which can not or
 37 will not be expended in the then near future, and showing when and to
 38 what extent and why money in such bond fund, not soon to be

1 expended, will not be expended in the then near future and requesting
 2 that said ~~state board of tax commissioners,~~ **department of local**
 3 **government finance** and said state board of accounts, respectively,
 4 authorize a temporary loan from said bond fund in aid of said general
 5 fund.

6 (f) If said ~~state board of tax commissioners~~ **department of local**
 7 **government finance** shall find and order that there is need for such
 8 temporary loan, and that it should be made, and said state board of
 9 accounts shall find that the money proposed to be borrowed will not be
 10 needed during the period of the temporary loan by the fund from which
 11 it is to be borrowed, and ~~said two (2) state boards~~ **the department of**
 12 **local government finance and the state board of accounts** shall
 13 approve the loan, the business manager and treasurer of said school city
 14 shall, upon such approval by said two (2) state boards, take all steps
 15 necessary to transfer the amount of such loans, as a temporary loan
 16 from the fund to be borrowed from, to said general fund of such school
 17 city. The loan so effected shall, for all purposes, be a debt of the school
 18 city chargeable against its constitutional debt limit.

19 ~~Such two (2) state boards~~ (g) **The department of local government**
 20 **finance and the state board of accounts** may fix the aggregate
 21 amount so to be borrowed on any one (1) petition and shall determine
 22 at what time or times and in what instalments and for what periods it
 23 shall be borrowed. The treasurer and business manager of such school
 24 city, from time to time, as money shall be collected from taxes levied
 25 in behalf of said general fund, shall credit the same on such loan until
 26 the amount borrowed is fully repaid to the lending fund, and they shall
 27 at the end of each calendar month report to the board the several
 28 amounts so applied from taxes **and state tuition support** to the
 29 payment of such loan.

30 (h) The school city shall, as often as once a month, report to ~~both of~~
 31 ~~said state boards~~ **the department of local government finance and**
 32 **the state board of accounts** the amount of money then so borrowed
 33 and unpaid, the anticipated like borrowings of the current month, the
 34 amount left in the said general fund, and the anticipated drafts upon the
 35 lending bond fund for the objects for which that fund was created.

36 ~~Said two (2) state boards, or either of them;~~ (i) **The department of**
 37 **local government finance or the state board of accounts, or both,**
 38 may, if it ~~shall seem to said boards, or to either of them;~~ **seems to the**

1 **department of local government finance or the state board of**
 2 **accounts, or both,** that the fund from which the loan was made
 3 requires the repayment of all or of part of such loan(s) before its
 4 maturity or said general fund no longer requires all or some part of the
 5 proceeds of such loan, require such school city to repay all or any part
 6 of such loan, and, if necessary to perform the requirement, such school
 7 city shall exercise its power of making a temporary loan procured from
 8 others to raise the money so needed to repay the lending bond fund the
 9 amount so ordered repaid.

10 SECTION 208. IC 20-5-4-6 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 6. If the
 12 governing board shall find, by written resolution, that an emergency
 13 exists which requires the expenditure of any money for any lawful
 14 corporate purpose which was not included in its existing budget and tax
 15 levy, it may authorize the making of an emergency loan which may be
 16 evidenced by the issuance of its note or notes in the same manner and
 17 subject to the same procedure and restrictions as provided for the
 18 issuance of its bonds, except as to purpose. At the time for making the
 19 next annual budget and tax levy for such school corporation, the
 20 governing body shall:

21 (1) make a levy;

22 (2) **pledge an amount from the school corporation's**
 23 **anticipated state tuition support distribution; or**

24 (3) **do both of the actions under subdivisions (1) and (2);**

25 to the credit of the fund for which such expenditure is made sufficient
 26 to pay such debt and the interest thereon; however, the interest on the
 27 loan may be paid from the debt service fund.

28 SECTION 209. IC 20-5-4-8 IS AMENDED TO READ AS
 29 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 8. (a) Whenever
 30 the governing board of a school corporation finds and declares that an
 31 emergency exists for the borrowing of money with which to pay current
 32 expenses from a particular fund before the receipt of revenues from
 33 taxes levied or state tuition support distributions for such fund, the
 34 governing board may issue warrants in anticipation of the receipt of:

35 (1) said revenues;

36 (2) **state tuition support distributions; or**

37 (3) **both items listed in subdivisions (1) and (2).**

38 (b) The principal of these warrants shall be payable solely from the

1 fund for which the taxes are levied or from the general fund in the case
 2 of anticipated state tuition support distributions. However, the interest
 3 on these warrants may be paid from the debt service fund, from the
 4 fund for which the taxes are levied, or the general fund in the case of
 5 anticipated state tuition support distributions.

6 (c) The amount of principal of temporary loans maturing on or
 7 before June 30 for any fund shall not exceed eighty percent (80%) of
 8 the amount of taxes and state tuition support distributions estimated to
 9 be collected or received for and distributed to the fund at the June
 10 settlement.

11 (d) The amount of principal of temporary loans maturing after June
 12 30, and on or before December 31, shall not exceed eighty percent
 13 (80%) of the amount of taxes and state tuition support distributions
 14 estimated to be collected or received for and distributed to the fund at
 15 the December settlement.

16 (e) At each settlement, the amount of taxes and state tuition support
 17 distributions estimated to be collected or received for and distributed
 18 to the fund includes any allocations to the fund from the property tax
 19 replacement fund.

20 (f) The estimated amount of taxes and state tuition support
 21 distributions to be collected or received and distributed shall be made
 22 by the county auditor or the auditor's deputy. The warrants evidencing
 23 any loan in anticipation of tax revenue, ~~or~~ state tuition support
 24 distributions, **or both tax revenue and state tuition support**
 25 **distributions**, shall not be delivered to the purchaser of the warrant nor
 26 payment made on the warrant before January 1 of the year the loan is
 27 to be repaid. However, the proceedings necessary to the loan may be
 28 held and carried out before January 1 and before the approval. The loan
 29 may be made even though a part of the last preceding June or
 30 December settlement has not yet been received.

31 (g) Proceedings for the issuance and sale of warrants for more than
 32 one (1) fund may be combined, but separate warrants for each fund
 33 shall be issued and each warrant shall state on its face the fund from
 34 which its principal is payable. No action to contest the validity of such
 35 warrants shall be brought later than fifteen (15) days from the first
 36 publication of notice of sale.

37 (h) No issue of tax or state tuition support anticipation warrants
 38 shall be made if the aggregate of all these warrants exceed twenty

1 thousand dollars (\$20,000) until the issuance is advertised for sale, bids
 2 received, and an award made by the governing board as required for the
 3 sale of bonds, except that the sale notice need not be published outside
 4 of the county nor more than ten (10) days before the date of sale."

5 Page 33, between lines 8 and 9, begin a new paragraph and insert:

6 "SECTION 87. IC 20-14-10-14 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property
 8 owned by a lessor corporation contracting with a public corporation or
 9 corporations under this chapter, and all stock and other securities
 10 including the interest or dividends issued by a lessor corporation, are
 11 exempt from all state, county, and other taxes, ~~including gross income~~
 12 ~~taxes, but~~ excluding the financial institutions tax and the inheritance
 13 taxes. ~~The rental paid to a lessor corporation under the terms of a lease~~
 14 ~~is exempt from gross income tax.~~

15 SECTION 210. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE
 16 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 17 1, 2002]: **Sec. 7. The governing body of a school corporation may**
 18 **adopt a resolution to transfer money that is:**

19 (1) not greater than the amount described in IC 21-3-1.7-8
 20 STEP TWO (C); and

21 (2) on deposit in the school corporation's debt service fund;
 22 to the school corporation's general fund.

23 SECTION 211. IC 21-2-11.5-5 IS ADDED TO THE INDIANA
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS
 25 [EFFECTIVE JULY 1, 2002]: **Sec. 5. The governing body of a school**
 26 **corporation may adopt a resolution to transfer money that is:**

27 (1) not greater than the amount described in IC 21-3-1.7-8
 28 STEP TWO (C); and

29 (2) on deposit in the school corporation's:

30 (A) transportation fund;

31 (B) school bus replacement fund; or

32 (C) both the transportation fund and school bus
 33 replacement fund;

34 to the school corporation's general fund.

35 SECTION 212. IC 21-2-12-6.1, AS AMENDED BY P.L.3-2000,
 36 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JANUARY 1, 2004]: Sec. 6.1. (a) The county supplemental school
 38 financing tax revenues shall be deposited in the county supplemental

1 school distribution fund. In addition, for purposes of allocating
 2 distributions of tax revenues collected under ~~IC 6-5-10, IC 6-5-11,~~
 3 IC 6-5.5, IC 6-6-5, IC 6-6-5.5, or IC 6-6-6.5, the county supplemental
 4 school financing tax shall be treated as if it were property taxes
 5 imposed by a separate taxing unit. Thus, the appropriate portion of
 6 those distributions shall be deposited in the county supplemental school
 7 distribution fund.

8 (b) The entitlement of each school corporation from the county
 9 supplemental school distribution fund for each calendar year after 2000
 10 shall be the greater of:

- 11 (1) the amount of its entitlement for the calendar year 2000 from
- 12 the tax levied under this chapter; or
- 13 (2) an amount equal to twenty-seven dollars and fifty cents
- 14 (\$27.50) times its ADM.

15 SECTION 213. IC 21-2-15-13.1 IS ADDED TO THE INDIANA
 16 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 17 [EFFECTIVE JULY 1, 2002]: **Sec. 13.1. The governing body of a**
 18 **school corporation may adopt a resolution to transfer money that**
 19 **is:**

- 20 **(1) not greater than the amount described in IC 21-3-1.7-8**
- 21 **STEP TWO (C); and**
- 22 **(2) on deposit in the school corporation's capital projects**
- 23 **fund;**

24 **to the school corporation's general fund."**

25 Page 34, between lines 7 and 8, begin a new paragraph and insert:
 26 "SECTION 92. IC 21-3-1.7-2, AS AMENDED BY P.L.181-1999,
 27 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2002]: Sec. 2. As used in this chapter, "excise tax revenue"
 29 means the amount of:

- 30 (1) financial institution excise tax revenue (~~IC 6-5-10, IC 6-5-11,~~
- 31 ~~IC 6-5-12) (or the amount of any distribution by the state to~~
- 32 ~~replace these taxes); (IC 6-5.5); plus~~
- 33 (2) the motor vehicle excise taxes (IC 6-6-5) and the commercial
- 34 vehicle excise taxes (IC 6-6-5.5);

35 the school corporation received for deposit in the school corporation's
 36 general fund in a year.

37 SECTION 214. IC 21-3-1.7-6.8, AS AMENDED BY P.L.291-2001,
 38 SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JULY 1, 2003]: Sec. 6.8. (a) **Except as provided in subsection (b)**, a school corporation's target general fund property tax rate for purposes of IC 6-1.1-19-1.5 is the result determined under STEP THREE of the following formula:

STEP ONE: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter minus the result determined in STEP ONE of the formula in section 6.7(b) of this chapter is greater than zero (0). Determine the result under clause (E) of the following formula:

(A) Divide the school corporation's 2002 assessed valuation by the school corporation's current ADM.

(B) Divide the clause (A) result by ten thousand (10,000).

(C) Determine the greater of the following:

(i) The clause (B) result.

(ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars and seventy-five cents (\$39.75) in 2003.

(D) Determine the result determined under item (ii) of the following formula:

(i) Subtract the result determined in STEP ONE of the formula in section 6.7(b) of this chapter from the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter.

(ii) Divide the item (i) result by the school corporation's current ADM.

(E) Divide the clause (D) result by the clause (C) result.

(F) Divide the clause (E) result by one hundred (100).

STEP TWO: This STEP applies only if the amount determined in STEP FIVE of the formula in section 6.7(b) of this chapter is equal to STEP ONE of the formula in section 6.7(b) of this chapter and the result of clause (A) is greater than zero (0). Determine the result under clause (G) of the following formula:

(A) Add the following:

(i) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(ii) The original amount of any excessive tax levy the school corporation imposed as a result of the passage, during the

- 1 preceding year, of a referendum under IC 6-1.1-19-4.5(c) for
 2 taxes first due and payable during the year.
- 3 (iii) The portion of the maximum general fund levy for the
 4 year that equals the original amount of the levy imposed by
 5 the school corporation to cover the costs of opening a new
 6 school facility during the preceding year.
- 7 (B) Divide the clause (A) result by the school corporation's
 8 current ADM.
- 9 (C) Divide the school corporation's 2002 assessed valuation by
 10 the school corporation's current ADM.
- 11 (D) Divide the clause (C) result by ten thousand (10,000).
- 12 (E) Determine the greater of the following:
- 13 (i) The clause (D) result.
- 14 (ii) Thirty-nine dollars (\$39) in 2002 and thirty-nine dollars
 15 and seventy-five cents (\$39.75) in 2003.
- 16 (F) Divide the clause (B) result by the clause (E) amount.
- 17 (G) Divide the clause (F) result by one hundred (100).
- 18 STEP THREE: Determine the sum of:
- 19 (A) ninety-one and eight-tenths cents (\$0.918) in 2002; and
 20 (B) ninety-five and eight-tenths cents (\$0.958) in 2003; and
 21 if applicable, the STEP ONE or STEP TWO result.
- 22 **(b) This subsection applies to calendar years beginning after**
 23 **December 31, 2003. A school corporation's target general fund**
 24 **property tax rate for purposes of IC 6-1.1-19-1.5 is equal to the**
 25 **result determined under subsection (a) multiplied by five-tenths**
 26 **(0.5).".**
- 27 Page 35, line 8, delete "(0.5).". and insert **"(0.5); minus**
 28 **(D) for calendar year 2004, the sum of:**
 29 **(i) the school corporation's tuition support levy; plus**
 30 **(ii) the school corporation's excise tax revenue for the**
 31 **year immediately preceding the current year divided by**
 32 **two (2).".**
- 33 Page 35, between lines 41 and 42, begin a new paragraph and insert:
 34 SECTION 215. IC 21-4-20-1 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 1. Whenever it is
 36 found by the board of school trustees or other proper authorities of any
 37 school city or school town that an emergency exists for the borrowing
 38 of money with which to meet the current expenses of the schools of

such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty per cent (50%) of the amount of:

(1) taxes actually levied and in the course of collection; **and**

(2) **state tuition support received;**

for the fiscal year in which such loans are made. Revenues shall be deemed to be current and taxes shall be deemed to have been actually levied and in the course of collection when the budget levy and rate shall have been finally approved by the ~~state board of tax commissioners~~. **Provided, department of local government finance.** However, ~~That~~ in all second and third class school cities, no such loans shall be borrowed in excess of the sum of twenty thousand dollars (\$20,000) until the letting of the same shall have been advertised once each week for two (2) successive weeks in two (2) newspapers of general circulation published in such school city, and until sealed bids have been submitted at a regular meeting of the school board of such school city, pursuant to such notices, stipulating the rate of interest to be charged by such bidder. **and Provided, further, That** Such school loans shall be made with the bidder submitting the lowest rate of interest and submitting with ~~his~~ **the bidder's** bid an affidavit showing that no collusion exists between ~~himself~~ **the bidder** and any other bidder for such loan.

SECTION 216. IC 21-5-11-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 14. All property owned by a lessor corporation so contracting with such school corporation or corporations under the provisions of this chapter, and all stock and other securities including the interest or dividends thereon issued by a lessor corporation, shall be exempt from all state, county, and other taxes, ~~including the gross income tax~~, except, however, the financial institutions tax (IC 6-5.5) and inheritance taxes ~~The rental paid to a lessor corporation under the terms of such a contract of lease shall be exempt from the gross income tax: (IC 6-4.1).~~

SECTION 217. IC 25-37-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 4. Any transient merchant desiring to transact business in any county in this state shall file application for a license for that purpose with the auditor of the

1 county in this state in which such transient merchant desires to do
2 business. The application shall state the following facts:

3 (a) The name, residence and post-office address of the person, firm,
4 limited liability company, or corporation making the application, and
5 if a firm, limited liability company, or corporation, the name and
6 address of the members of the firm or limited liability company, or
7 officers of the corporation, as the case may be.

8 (b) If the applicant is a corporation or limited liability company then
9 there shall be stated on the application form the date of incorporation
10 or organization, the state of incorporation or organization, and if the
11 applicant is a corporation or limited liability company formed in a state
12 other than the state of Indiana, the date on which such corporation or
13 limited liability company qualified to transact business as a foreign
14 corporation or foreign limited liability company in the state of Indiana.

15 (c) A statement showing the kind of business proposed to be
16 conducted, the length of time for which the applicant desires to transact
17 business, and if for the purpose of transacting such business any
18 permanent or mobile building, structure or real estate is to be used for
19 the exhibition by means of samples, catalogues, photographs and price
20 lists or sale of goods, wares or merchandise, the location of such
21 proposed place of business.

22 (d) A detailed inventory and description of such goods, wares, and
23 merchandise to be offered for sale or sold, the manner in which the
24 same is to be advertised for sale and the representations to be made in
25 connection therewith, the names of the persons from whom the goods,
26 wares, and merchandise so to be advertised or represented were
27 obtained, the date of receipt of such goods, wares, and merchandise by
28 the applicant for the license, the place from which the same were last
29 taken, and any and all details necessary to locate and identify all goods,
30 wares and merchandise to be sold.

31 (e) Attached to the application shall be a receipt showing that
32 personal property taxes on the goods, wares and merchandise to be
33 offered for sale or sold have been paid.

34 (f) Attached to the application shall be a copy of a notice, which ten
35 (10) days before said application has been filed, shall have been mailed
36 by registered mail by the applicant to the Indiana department of state
37 revenue. ~~of the state of Indiana or such other department as may be~~
38 ~~charged with the duty of collecting gross income taxes or other taxes~~

1 ~~of a comparable nature or which may be in lieu of such gross income~~
 2 ~~taxes.~~ The said notice shall state the precise period of time and location
 3 from which said applicant intends to transact business, the approximate
 4 value of the goods, wares, and merchandise to be offered for sale or
 5 sold, and such other information as the Indiana department of state
 6 revenue of the state of Indiana or its successor may request or by
 7 regulation require.

8 (g) Said application shall be verified.

9 SECTION 218. IC 27-1-18-2, AS AMENDED BY P.L.144-2000,
 10 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2004]: Sec. 2. (a) Every insurance company not
 12 organized under the laws of this state, and each domestic company
 13 electing to be taxed under this section, and doing business within this
 14 state shall, on or before March 1 of each year, report to the department,
 15 under the oath of the president and secretary, the gross amount of all
 16 premiums received by it on policies of insurance covering risks within
 17 this state, or in the case of marine or transportation risks, on policies
 18 made, written, or renewed within this state during the twelve (12)
 19 month period ending on December 31 of the preceding calendar year.
 20 From the amount of gross premiums described in this subsection shall
 21 be deducted:

22 (1) considerations received for reinsurance of risks within this
 23 state from companies authorized to transact an insurance business
 24 in this state;

25 (2) the amount of dividends paid or credited to resident insureds,
 26 or used to reduce current premiums of resident insureds;

27 (3) the amount of premiums actually returned to residents on
 28 account of applications not accepted or on account of policies not
 29 delivered; and

30 (4) the amount of unearned premiums returned on account of the
 31 cancellation of policies covering risks within the state.

32 (b) A domestic company shall be taxed under this section only in
 33 each calendar year with respect to which it files a notice of election.
 34 The notice of election shall be filed with the insurance commissioner
 35 and the commissioner of the department of state revenue on or before
 36 November 30 in each year and shall state that the domestic company
 37 elects to submit to the tax imposed by this section with respect to the
 38 calendar year commencing January 1 next following the filing of the

notice. The exemption from license fees, privilege, or other taxes accorded by this section to insurance companies not organized under the laws of this state and doing business within this state which are taxed under this chapter shall be applicable to each domestic company in each calendar year with respect to which it is taxed under this section. In each calendar year with respect to which a domestic company has not elected to be taxed under this section it shall be taxed without regard to this section.

(c) For the privilege of doing business in this state, every insurance company required to file the report provided in this section shall pay into the treasury of this state an amount equal to the excess, if any, of the gross premiums over the allowable deductions multiplied by the following rate for the year that the report covers:

- (1) For 2000, two percent (2%).
- (2) For 2001, one and nine-tenths percent (1.9%).
- (3) For 2002, one and eight-tenths percent (1.8%).
- (4) For 2003, one and ~~seven-tenths~~ **eight-tenths** percent (~~1.7%~~ **1.8%**).
- (5) For 2004, one and ~~five-tenths~~ **eight-tenths** percent (~~1.5%~~ **1.8%**).
- (6) For 2005, ~~and thereafter~~, one and ~~three-tenths~~ **seven-tenths** percent (~~1.3%~~ **1.7%**).
- (7) For 2006, one and five-tenths percent (1.5%).**
- (8) For 2007 and thereafter, one and three-tenths percent (1.3%).**

(d) Payments of the tax imposed by this section shall be made on a quarterly estimated basis. The amounts of the quarterly installments shall be computed on the basis of the total estimated tax liability for the current calendar year and the installments shall be due and payable on or before April 15, June 15, September 15, and December 15, of the current calendar year.

(e) Any balance due shall be paid in the next succeeding calendar year at the time designated for the filing of the annual report with the department.

(f) Any overpayment of the estimated tax during the preceding calendar year shall be allowed as a credit against the liability for the first installment of the current calendar year.

(g) In the event a company subject to taxation under this section

- 1 fails to make any quarterly payment in an amount equal to at least:
2 (1) twenty-five percent (25%) of the total tax paid during the
3 preceding calendar year; or
4 (2) twenty per cent (20%) of the actual tax for the current
5 calendar year;
6 the company shall be liable, in addition to the amount due, for interest
7 in the amount of one percent (1%) of the amount due and unpaid for
8 each month or part of a month that the amount due, together with
9 interest, remains unpaid. This interest penalty shall be exclusive of and
10 in addition to any other fee, assessment, or charge made by the
11 department.
- 12 (h) The taxes under this article shall be in lieu of all license fees or
13 privilege or other tax levied or assessed by this state or by any
14 municipality, county, or other political subdivision of this state. No
15 municipality, county, or other political subdivision of this state shall
16 impose any license fee or privilege or other tax upon any insurance
17 company or any of its agents for the privilege of doing an insurance
18 business therein, except the tax authorized by IC 22-12-6-5. However,
19 the taxes authorized under IC 22-12-6-5 shall be credited against the
20 taxes provided under this chapter. This section shall not be construed
21 to prohibit the levy and collection of state, county, or municipal taxes
22 upon real and tangible personal property of such company, or to
23 prohibit the levy of any retaliatory tax, fine, penalty, or fee provided by
24 law. However, all insurance companies, foreign or domestic, paying
25 taxes in this state predicated in part on their premium income from
26 policies sold and premiums received in Indiana, shall have the same
27 rights and privileges from further taxation and shall be given the same
28 credits wherever applicable, as those set out for those companies
29 paying only a tax on premiums as set out in this section.
- 30 (i) Any insurance company failing or refusing, for more than thirty
31 (30) days, to render an accurate account of its premium receipts as
32 provided in this section and pay the tax due thereon shall be subject to
33 a penalty of one hundred dollars (\$100) for each additional day such
34 report and payment shall be delayed, not to exceed a maximum penalty
35 of ten thousand dollars (\$10,000). The penalty may be ordered by the
36 commissioner after a hearing under IC 4-21.5-3. The commissioner
37 may revoke all authority of such defaulting company to do business
38 within this state, or suspend such authority during the period of such

1 default, in the discretion of the commissioner.

2 SECTION 219. IC 27-6-8-15 IS AMENDED TO READ AS
 3 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) Member
 4 insurers, which during any preceding calendar year shall have paid one
 5 (1) or more assessments levied pursuant to section 7 of this chapter,
 6 shall be allowed a credit against premium taxes, ~~corporate gross~~
 7 ~~income taxes~~, adjusted gross income taxes, ~~supplemental corporate net~~
 8 ~~income tax~~, **business franchise taxes**, or any combination thereof, ~~or~~
 9 ~~similar taxes~~ upon revenue or income of member insurers which may
 10 be imposed by the state, up to twenty percent (20%) of the assessment
 11 described in section 7 of this chapter for each calendar year following
 12 the year the assessment was paid until the aggregate of all assessments
 13 paid to the guaranty association shall have been offset by either credits
 14 against such taxes or refunds from the association. The provisions
 15 herein are applicable to all assessments levied after the passage of this
 16 article.

17 (b) To the extent a member insurer elects not to utilize the tax
 18 credits authorized by subsection (a), the member insurer may utilize the
 19 provisions of ~~this~~ subsection (c) as a secondary method of recoupment.

20 (c) The rates and premiums charged for insurance policies to which
 21 this chapter applies shall include amounts sufficient to recoup a sum
 22 equal to the amounts paid to the association by the member insurer less
 23 any amounts returned to the member insurer by the association and the
 24 rates shall not be deemed excessive because they contain an amount
 25 reasonably calculated to recoup assessments paid by the member
 26 insurer.

27 SECTION 220. IC 27-8-8-16 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Member
 29 insurers who, during any preceding calendar year, have paid one (1) or
 30 more assessments levied under this chapter may either:

31 (1) take as a credit against premium taxes, ~~gross income taxes~~,
 32 adjusted gross income taxes, ~~supplemental corporate net income~~
 33 ~~tax~~, **business franchise taxes**, or any combination of them, ~~or~~
 34 ~~similar taxes~~ upon revenue or income of member insurers that
 35 may be imposed by Indiana up to twenty percent (20%) of an
 36 assessment described in section 6 of this chapter for each calendar
 37 year following the year in which those assessments were paid
 38 until the aggregate of those assessments have been offset by either

credits against those taxes or refunds from the association; or
 (2) include in the rates and premiums charged for insurance policies to which this chapter applies amounts sufficient to recoup a sum equal to the amounts paid to the association by the member less any amounts returned to the member insurer by the association and the rates are not excessive by virtue of including an amount reasonably calculated to recoup assessments paid by the member.

SECTION 221. IC 27-8-10-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2.1. (a) There is established a nonprofit legal entity to be referred to as the Indiana comprehensive health insurance association, which must assure that health insurance is made available throughout the year to each eligible Indiana resident applying to the association for coverage. All carriers, health maintenance organizations, limited service health maintenance organizations, and self-insurers providing health insurance or health care services in Indiana must be members of the association. The association shall operate under a plan of operation established and approved under subsection (c) and shall exercise its powers through a board of directors established under this section.

(b) The board of directors of the association consists of seven (7) members whose principal residence is in Indiana selected as follows:

(1) Three (3) members to be appointed by the commissioner from the members of the association, one (1) of which must be a representative of a health maintenance organization.

(2) Two (2) members to be appointed by the commissioner shall be consumers representing policyholders.

(3) Two (2) members shall be the state budget director or designee and the commissioner of the department of insurance or designee.

The commissioner shall appoint the chairman of the board, and the board shall elect a secretary from its membership. The term of office of each appointed member is three (3) years, subject to eligibility for reappointment. Members of the board who are not state employees may be reimbursed from the association's funds for expenses incurred in attending meetings. The board shall meet at least semiannually, with the first meeting to be held not later than May 15 of each year.

(c) The association shall submit to the commissioner a plan of

1 operation for the association and any amendments to the plan necessary
2 or suitable to assure the fair, reasonable, and equitable administration
3 of the association. The plan of operation becomes effective upon
4 approval in writing by the commissioner consistent with the date on
5 which the coverage under this chapter must be made available. The
6 commissioner shall, after notice and hearing, approve the plan of
7 operation if the plan is determined to be suitable to assure the fair,
8 reasonable, and equitable administration of the association and
9 provides for the sharing of association losses on an equitable,
10 proportionate basis among the member carriers, health maintenance
11 organizations, limited service health maintenance organizations, and
12 self-insurers. If the association fails to submit a suitable plan of
13 operation within one hundred eighty (180) days after the appointment
14 of the board of directors, or at any time thereafter the association fails
15 to submit suitable amendments to the plan, the commissioner shall
16 adopt rules under IC 4-22-2 necessary or advisable to implement this
17 section. These rules are effective until modified by the commissioner
18 or superseded by a plan submitted by the association and approved by
19 the commissioner. The plan of operation must:

- 20 (1) establish procedures for the handling and accounting of assets
21 and money of the association;
- 22 (2) establish the amount and method of reimbursing members of
23 the board;
- 24 (3) establish regular times and places for meetings of the board of
25 directors;
- 26 (4) establish procedures for records to be kept of all financial
27 transactions, and for the annual fiscal reporting to the
28 commissioner;
- 29 (5) establish procedures whereby selections for the board of
30 directors will be made and submitted to the commissioner for
31 approval;
- 32 (6) contain additional provisions necessary or proper for the
33 execution of the powers and duties of the association; and
- 34 (7) establish procedures for the periodic advertising of the general
35 availability of the health insurance coverages from the
36 association.

37 (d) The plan of operation may provide that any of the powers and
38 duties of the association be delegated to a person who will perform

1 functions similar to those of this association. A delegation under this
2 section takes effect only with the approval of both the board of
3 directors and the commissioner. The commissioner may not approve a
4 delegation unless the protections afforded to the insured are
5 substantially equivalent to or greater than those provided under this
6 chapter.

7 (e) The association has the general powers and authority enumerated
8 by this subsection in accordance with the plan of operation approved
9 by the commissioner under subsection (c). The association has the
10 general powers and authority granted under the laws of Indiana to
11 carriers licensed to transact the kinds of health care services or health
12 insurance described in section 1 of this chapter and also has the
13 specific authority to do the following:

14 (1) Enter into contracts as are necessary or proper to carry out this
15 chapter, subject to the approval of the commissioner.

16 (2) Sue or be sued, including taking any legal actions necessary
17 or proper for recovery of any assessments for, on behalf of, or
18 against participating carriers.

19 (3) Take legal action necessary to avoid the payment of improper
20 claims against the association or the coverage provided by or
21 through the association.

22 (4) Establish a medical review committee to determine the
23 reasonably appropriate level and extent of health care services in
24 each instance.

25 (5) Establish appropriate rates, scales of rates, rate classifications
26 and rating adjustments, such rates not to be unreasonable in
27 relation to the coverage provided and the reasonable operational
28 expenses of the association.

29 (6) Pool risks among members.

30 (7) Issue policies of insurance on an indemnity or provision of
31 service basis providing the coverage required by this chapter.

32 (8) Administer separate pools, separate accounts, or other plans
33 or arrangements considered appropriate for separate members or
34 groups of members.

35 (9) Operate and administer any combination of plans, pools, or
36 other mechanisms considered appropriate to best accomplish the
37 fair and equitable operation of the association.

38 (10) Appoint from among members appropriate legal, actuarial,

1 and other committees as necessary to provide technical assistance
2 in the operation of the association, policy and other contract
3 design, and any other function within the authority of the
4 association.

5 (11) Hire an independent consultant.

6 (12) Develop a method of advising applicants of the availability
7 of other coverages outside the association and may promulgate a
8 list of health conditions the existence of which would deem an
9 applicant eligible without demonstrating a rejection of coverage
10 by one (1) carrier.

11 (13) Provide for the use of managed care plans for insureds,
12 including the use of:

13 (A) health maintenance organizations; and

14 (B) preferred provider plans.

15 (14) Solicit bids directly from providers for coverage under this
16 chapter.

17 (f) Rates for coverages issued by the association may not be
18 unreasonable in relation to the benefits provided, the risk experience,
19 and the reasonable expenses of providing the coverage. Separate scales
20 of premium rates based on age apply for individual risks. Premium
21 rates must take into consideration the extra morbidity and
22 administration expenses, if any, for risks insured in the association. The
23 rates for a given classification may not be more than one hundred fifty
24 percent (150%) of the average premium rate for that class charged by
25 the five (5) carriers with the largest premium volume in the state during
26 the preceding calendar year. In determining the average rate of the five
27 (5) largest carriers, the rates charged by the carriers shall be actuarially
28 adjusted to determine the rate that would have been charged for
29 benefits identical to those issued by the association. All rates adopted
30 by the association must be submitted to the commissioner for approval.

31 (g) Following the close of the association's fiscal year, the
32 association shall determine the net premiums, the expenses of
33 administration, and the incurred losses for the year. Any net loss shall
34 be assessed by the association to all members in proportion to their
35 respective shares of total health insurance premiums, excluding
36 premiums for Medicaid contracts with the state of Indiana, received in
37 Indiana during the calendar year (or with paid losses in the year)
38 coinciding with or ending during the fiscal year of the association or

any other equitable basis as may be provided in the plan of operation. For self-insurers, health maintenance organizations, and limited service health maintenance organizations that are members of the association, the proportionate share of losses must be determined through the application of an equitable formula based upon claims paid, excluding claims for Medicaid contracts with the state of Indiana, or the value of services provided. In sharing losses, the association may abate or defer in any part the assessment of a member, if, in the opinion of the board, payment of the assessment would endanger the ability of the member to fulfill its contractual obligations. The association may also provide for interim assessments against members of the association if necessary to assure the financial capability of the association to meet the incurred or estimated claims expenses or operating expenses of the association until the association's next fiscal year is completed. Net gains, if any, must be held at interest to offset future losses or allocated to reduce future premiums. Assessments must be determined by the board members specified in subsection (b)(1), subject to final approval by the commissioner.

(h) The association shall conduct periodic audits to assure the general accuracy of the financial data submitted to the association, and the association shall have an annual audit of its operations by an independent certified public accountant.

(i) The association is subject to examination by the department of insurance under IC 27-1-3.1. The board of directors shall submit, not later than March 30 of each year, a financial report for the preceding calendar year in a form approved by the commissioner.

(j) All policy forms issued by the association must conform in substance to prototype forms developed by the association, must in all other respects conform to the requirements of this chapter, and must be filed with and approved by the commissioner before their use.

(k) The association may not issue an association policy to any individual who, on the effective date of the coverage applied for, does not meet the eligibility requirements of section 5.1 of this chapter.

(l) The association shall pay an agent's referral fee of twenty-five dollars (\$25) to each insurance agent who refers an applicant to the association if that applicant is accepted.

(m) The association and the premium collected by the association shall be exempt from the premium tax, ~~the gross income tax,~~ the

1 adjusted gross income tax, ~~supplemental corporate net income~~, or any
 2 combination of these, ~~or similar taxes~~ upon revenues or income that
 3 may be imposed by the state.

4 (n) Members who after July 1, 1983, during any calendar year, have
 5 paid one (1) or more assessments levied under this chapter may either:

6 (1) take a credit against premium taxes, ~~gross income taxes~~,
 7 adjusted gross income taxes, ~~supplemental corporate net income~~
 8 ~~taxes~~, **business franchise taxes**, or any combination of these, or
 9 similar taxes upon revenues or income of member insurers that
 10 may be imposed by the state, up to the amount of the taxes due for
 11 each calendar year in which the assessments were paid and for
 12 succeeding years until the aggregate of those assessments have
 13 been offset by either credits against those taxes or refunds from
 14 the association; or

15 (2) any member insurer may include in the rates for premiums
 16 charged for insurance policies to which this chapter applies
 17 amounts sufficient to recoup a sum equal to the amounts paid to
 18 the association by the member less any amounts returned to the
 19 member insurer by the association, and the rates shall not be
 20 deemed excessive by virtue of including an amount reasonably
 21 calculated to recoup assessments paid by the member.

22 (o) The association shall provide for the option of monthly
 23 collection of premiums.

24 SECTION 222. IC 27-13-18-2 IS AMENDED TO READ AS
 25 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 2. (a) If for any
 26 reason the plan of the health maintenance organization under
 27 IC 27-13-16 does not provide for continuation of benefits as required
 28 by IC 27-13-16-1, the liquidator shall assess, or cause to be assessed,
 29 each licensed health maintenance organization doing business in
 30 Indiana. The amount that each licensed health maintenance
 31 organization is assessed must be based on the ratio of the amount of all
 32 subscriber premiums received by the health maintenance organization
 33 for contracts issued in Indiana for the previous calendar year to the
 34 amount of the total subscriber premiums received by all licensed health
 35 maintenance organizations for contracts issued in Indiana for the
 36 previous calendar year.

37 (b) The total assessments of health maintenance organizations under
 38 subsection (a) must equal an amount sufficient to provide for

1 continuation of benefits as required by IC 27-13-16-1 to enrollees
 2 covered under contracts issued by the health maintenance organization
 3 to subscribers located in Indiana, and to pay administrative expenses.

4 (c) The total amount of all assessments to be paid by a health
 5 maintenance organization in any one (1) calendar year may not exceed
 6 one percent (1%) of the premiums received by the health maintenance
 7 organization from business in Indiana during the calendar year
 8 preceding the assessment.

9 (d) If the total amount of all assessments in any one (1) calendar
 10 year does not provide an amount sufficient to meet the requirements of
 11 subsection (a), additional funds must be assessed in succeeding
 12 calendar years.

13 (e) Health maintenance organizations that, during any preceding
 14 calendar year, have paid one (1) or more assessments levied under this
 15 section may either:

16 (1) take as a credit against ~~gross income taxes~~, adjusted gross
 17 income taxes, ~~supplemental corporate net income taxes~~, **business**
 18 **franchise taxes**, or any combination of these, or similar taxes
 19 upon revenue or income of health maintenance organizations that
 20 may be imposed by Indiana up to twenty percent (20%) of any
 21 assessment described in this section for each calendar year
 22 following the year in which those assessments were paid until the
 23 aggregate of those assessments have been offset; or

24 (2) include in the premiums charged for coverage to which this
 25 article applies amounts sufficient to recoup a sum equal to the
 26 amounts paid in assessments as long as the premiums are not
 27 excessive by virtue of including an amount reasonably calculated
 28 to recoup assessments paid by the health maintenance
 29 organization.

30 SECTION 223. IC 29-3-3-3 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3. Except as
 32 otherwise determined in a dissolution of marriage proceeding, a
 33 custody proceeding, or in some other proceeding authorized by law,
 34 including a proceeding under section 6 of this chapter or another
 35 proceeding under this article, and unless a minor is married, the parents
 36 of the minor jointly (or the survivor if one (1) parent is deceased), if not
 37 an incapacitated person, have, without the appointment of a guardian,
 38 giving of bond, or order or confirmation of court, the right to custody

of the person of the minor and the power to execute the following on behalf of the minor:

(1) Consent to the application of subsection (c) of Section 2032A of the Internal Revenue Code, which imposes personal liability for payment of the tax under that Section.

(2) Consent to the application of Section 6324A of the Internal Revenue Code, which attaches a lien to property to secure payment of taxes deferred under Section 6166 of the Internal Revenue Code.

(3) Any other consents, waivers, or powers of attorney provided for under the Internal Revenue Code.

(4) Waivers of notice permissible with reference to proceedings under IC 29-1.

(5) Consents, waivers of notice, or powers of attorney under any statute, including the Indiana inheritance tax law (IC 6-4.1) ~~the Indiana gross income tax law (IC 6-2.1);~~ and the Indiana adjusted gross income tax law (IC 6-3).

(6) Consent to unsupervised administration as provided in IC 29-1-7.5.

(7) Federal and state income tax returns.

(8) Consent to medical or other professional care, treatment, or advice for the minor's health and welfare.

SECTION 224. IC 34-6-2-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 20. "Charitable entity", for purposes of IC 34-30-5, means any entity exempted from ~~the Indiana state gross income retail tax under IC 6-2.1-3-20.~~ **IC 6-2.5-5-21(b)(1)(B).**

SECTION 225. IC 36-7-13-3.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 3.8. As used in this chapter, "state and local income taxes" means taxes imposed under any of the following:

(1) IC 6-2.1 (the gross income tax).

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

~~(3) IC 6-3-8 (the supplemental net income tax);~~

~~(4) (3)~~ IC 6-3.5-1.1 (county adjusted gross income tax).

~~(5) (4)~~ IC 6-3.5-6 (county option income tax).

~~(6) (5)~~ IC 6-3.5-7 (county economic development income tax).

SECTION 226. IC 36-7-13-15, AS AMENDED BY P.L.174-2001,

SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 15. (a) If an advisory commission on industrial development designates a district under this chapter or the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the treasurer of state shall establish an incremental tax financing fund for the county. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) Subject to subsection (c), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the county under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5;

(B) the gross income tax established under IC 6-2.1; **and**

(C) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

~~(D) the supplemental net income tax established under IC 6-3-8; and~~

(2) deposited during any state fiscal year in each incremental tax financing fund established for a county; may not exceed one million dollars (\$1,000,000) per county.

(d) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a county shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 227. IC 36-7-14-39 IS AMENDED TO READ AS

1 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39. (a) As used
2 in this section:

3 "Allocation area" means that part of a blighted area to which an
4 allocation provision of a declaratory resolution adopted under section
5 15 of this chapter refers for purposes of distribution and allocation of
6 property taxes.

7 "Base assessed value" means the following:

8 (1) If an allocation provision is adopted after June 30, 1995, in a
9 declaratory resolution or an amendment to a declaratory
10 resolution establishing an economic development area:

11 (A) the net assessed value of all the property as finally
12 determined for the assessment date immediately preceding the
13 effective date of the allocation provision of the declaratory
14 resolution, as adjusted under subsection (h); plus

15 (B) to the extent that it is not included in clause (A), the net
16 assessed value of property that is assessed as residential
17 property under the rules of the state board of tax
18 commissioners, as finally determined for any assessment date
19 after the effective date of the allocation provision.

20 (2) If an allocation provision is adopted after June 30, 1997, in a
21 declaratory resolution or an amendment to a declaratory
22 resolution establishing a blighted area:

23 (A) the net assessed value of all the property as finally
24 determined for the assessment date immediately preceding the
25 effective date of the allocation provision of the declaratory
26 resolution, as adjusted under subsection (h); plus

27 (B) to the extent that it is not included in clause (A), the net
28 assessed value of property that is assessed as residential
29 property under the rules of the state board of tax
30 commissioners, as finally determined for any assessment date
31 after the effective date of the allocation provision.

32 (3) If:

33 (A) an allocation provision adopted before June 30, 1995, in a
34 declaratory resolution or an amendment to a declaratory
35 resolution establishing a blighted area expires after June 30,
36 1997; and

37 (B) after June 30, 1997, a new allocation provision is included
38 in an amendment to the declaratory resolution;

1 the net assessed value of all the property as finally determined for
 2 the assessment date immediately preceding the effective date of
 3 the allocation provision adopted after June 30, 1997, as adjusted
 4 under subsection (h).

5 (4) Except as provided in subdivision (5), for all other allocation
 6 areas, the net assessed value of all the property as finally
 7 determined for the assessment date immediately preceding the
 8 effective date of the allocation provision of the declaratory
 9 resolution, as adjusted under subsection (h).

10 (5) If an allocation area established in an economic development
 11 area before July 1, 1995, is expanded after June 30, 1995, the
 12 definition in subdivision (1) applies to the expanded portion of the
 13 area added after June 30, 1995.

14 (6) If an allocation area established in a blighted area before July
 15 1, 1997, is expanded after June 30, 1997, the definition in
 16 subdivision (2) applies to the expanded portion of the area added
 17 after June 30, 1997.

18 Except as provided in section 39.3 of this chapter, "property taxes"
 19 means taxes imposed under IC 6-1.1 on real property. However, upon
 20 approval by a resolution of the redevelopment commission adopted
 21 before June 1, 1987, "property taxes" also includes taxes imposed
 22 under IC 6-1.1 on depreciable personal property. If a redevelopment
 23 commission adopted before June 1, 1987, a resolution to include within
 24 the definition of property taxes taxes imposed under IC 6-1.1 on
 25 depreciable personal property that has a useful life in excess of eight
 26 (8) years, the commission may by resolution determine the percentage
 27 of taxes imposed under IC 6-1.1 on all depreciable personal property
 28 that will be included within the definition of property taxes. However,
 29 the percentage included must not exceed twenty-five percent (25%) of
 30 the taxes imposed under IC 6-1.1 on all depreciable personal property.

31 (b) A declaratory resolution adopted under section 15 of this chapter
 32 before January 1, 2006, may include a provision with respect to the
 33 allocation and distribution of property taxes for the purposes and in the
 34 manner provided in this section. A declaratory resolution previously
 35 adopted may include an allocation provision by the amendment of that
 36 declaratory resolution before January 1, 2006, in accordance with the
 37 procedures required for its original adoption. A declaratory resolution
 38 or an amendment that establishes an allocation provision after June 30,

1 1995, must specify an expiration date for the allocation provision that
 2 may not be more than thirty (30) years after the date on which the
 3 allocation provision is established. However, if bonds or other
 4 obligations that were scheduled when issued to mature before the
 5 specified expiration date and that are payable only from allocated tax
 6 proceeds with respect to the allocation area remain outstanding as of
 7 the expiration date, the allocation provision does not expire until all of
 8 the bonds or other obligations are no longer outstanding. The allocation
 9 provision may apply to all or part of the blighted area. The allocation
 10 provision must require that any property taxes subsequently levied by
 11 or for the benefit of any public body entitled to a distribution of
 12 property taxes on taxable property in the allocation area be allocated
 13 and distributed as follows:

14 (1) Except as otherwise provided in this section, the proceeds of
 15 the taxes attributable to the lesser of:

16 (A) the assessed value of the property for the assessment date
 17 with respect to which the allocation and distribution is made; or

18 (B) the base assessed value;

19 shall be allocated to and, when collected, paid into the funds of
 20 the respective taxing units.

21 (2) Except as otherwise provided in this section, property tax
 22 proceeds in excess of those described in subdivision (1) shall be
 23 allocated to the redevelopment district and, when collected, paid
 24 into an allocation fund for that allocation area that may be used by
 25 the redevelopment district only to do one (1) or more of the
 26 following:

27 (A) Pay the principal of and interest on any obligations payable
 28 solely from allocated tax proceeds which are incurred by the
 29 redevelopment district for the purpose of financing or
 30 refinancing the redevelopment of that allocation area.

31 (B) Establish, augment, or restore the debt service reserve for
 32 bonds payable solely or in part from allocated tax proceeds in
 33 that allocation area.

34 (C) Pay the principal of and interest on bonds payable from
 35 allocated tax proceeds in that allocation area and from the
 36 special tax levied under section 27 of this chapter.

37 (D) Pay the principal of and interest on bonds issued by the unit
 38 to pay for local public improvements in or serving that

- 1 allocation area.
- 2 (E) Pay premiums on the redemption before maturity of bonds
- 3 payable solely or in part from allocated tax proceeds in that
- 4 allocation area.
- 5 (F) Make payments on leases payable from allocated tax
- 6 proceeds in that allocation area under section 25.2 of this
- 7 chapter.
- 8 (G) Reimburse the unit for expenditures made by it for local
- 9 public improvements (which include buildings, parking
- 10 facilities, and other items described in section 25.1(a) of this
- 11 chapter) in or serving that allocation area.
- 12 (H) Reimburse the unit for rentals paid by it for a building or
- 13 parking facility in or serving that allocation area under any
- 14 lease entered into under IC 36-1-10.
- 15 (I) Pay all or a portion of a property tax replacement credit to
- 16 taxpayers in an allocation area as determined by the
- 17 redevelopment commission. This credit equals the amount
- 18 determined under the following STEPS for each taxpayer in a
- 19 taxing district (as defined in IC 6-1.1-1-20) that contains all or
- 20 part of the allocation area:
- 21 STEP ONE: Determine that part of the sum of the amounts
- 22 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
- 23 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
- 24 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.
- 25 STEP TWO: Divide:
- 26 (A) that part of ~~twenty ten~~ percent ~~(20%)~~ **(10%)** of each
- 27 county's total county tax levy payable that year as determined
- 28 under IC 6-1.1-21-4 that is attributable to the taxing district;
- 29 by
- 30 (B) the STEP ONE sum.
- 31 STEP THREE: Multiply:
- 32 (A) the STEP TWO quotient; times
- 33 (B) the total amount of the taxpayer's property taxes levied in
- 34 the taxing district that have been allocated during that year to
- 35 an allocation fund under this section.
- 36 If not all the taxpayers in an allocation area receive the credit in
- 37 full, each taxpayer in the allocation area is entitled to receive
- 38 the same proportion of the credit. A taxpayer may not receive

1 a credit under this section and a credit under section 39.5 of this
2 chapter in the same year.

3 (J) Pay expenses incurred by the redevelopment commission for
4 local public improvements that are in the allocation area or
5 serving the allocation area. Public improvements include
6 buildings, parking facilities, and other items described in
7 section 25.1(a) of this chapter.

8 (K) Reimburse public and private entities for expenses incurred
9 in training employees of industrial facilities that are located:

10 (i) in the allocation area; and

11 (ii) on a parcel of real property that has been classified as
12 industrial property under the rules of the state board of tax
13 commissioners.

14 However, the total amount of money spent for this purpose in
15 any year may not exceed the total amount of money in the
16 allocation fund that is attributable to property taxes paid by the
17 industrial facilities described in this clause. The
18 reimbursements under this clause must be made within three (3)
19 years after the date on which the investments that are the basis
20 for the increment financing are made.

21 The allocation fund may not be used for operating expenses of the
22 commission.

23 (3) Except as provided in subsection (g), before July 15 of each
24 year the commission shall do the following:

25 (A) Determine the amount, if any, by which the base assessed
26 value when multiplied by the estimated tax rate of the allocation
27 area will exceed the amount of assessed value needed to
28 produce the property taxes necessary to make, when due,
29 principal and interest payments on bonds described in
30 subdivision (2) plus the amount necessary for other purposes
31 described in subdivision (2).

32 (B) Notify the county auditor of the amount, if any, of the
33 amount of excess assessed value that the commission has
34 determined may be allocated to the respective taxing units in
35 the manner prescribed in subdivision (1). The commission may
36 not authorize an allocation of assessed value to the respective
37 taxing units under this subdivision if to do so would endanger
38 the interests of the holders of bonds described in subdivision (2)

1 or lessors under section 25.3 of this chapter.

2 (c) For the purpose of allocating taxes levied by or for any taxing
3 unit or units, the assessed value of taxable property in a territory in the
4 allocation area that is annexed by any taxing unit after the effective
5 date of the allocation provision of the declaratory resolution is the
6 lesser of:

7 (1) the assessed value of the property for the assessment date with
8 respect to which the allocation and distribution is made; or

9 (2) the base assessed value.

10 (d) Property tax proceeds allocable to the redevelopment district
11 under subsection (b)(2) may, subject to subsection (b)(3), be
12 irrevocably pledged by the redevelopment district for payment as set
13 forth in subsection (b)(2).

14 (e) Notwithstanding any other law, each assessor shall, upon
15 petition of the redevelopment commission, reassess the taxable
16 property situated upon or in, or added to, the allocation area, effective
17 on the next assessment date after the petition.

18 (f) Notwithstanding any other law, the assessed value of all taxable
19 property in the allocation area, for purposes of tax limitation, property
20 tax replacement, and formulation of the budget, tax rate, and tax levy
21 for each political subdivision in which the property is located is the
22 lesser of:

23 (1) the assessed value of the property as valued without regard to
24 this section; or

25 (2) the base assessed value.

26 (g) If any part of the allocation area is located in an enterprise zone
27 created under IC 4-4-6.1, the unit that designated the allocation area
28 shall create funds as specified in this subsection. A unit that has
29 obligations, bonds, or leases payable from allocated tax proceeds under
30 subsection (b)(2) shall establish an allocation fund for the purposes
31 specified in subsection (b)(2) and a special zone fund. Such a unit
32 shall, until the end of the enterprise zone phase out period, deposit each
33 year in the special zone fund any amount in the allocation fund derived
34 from property tax proceeds in excess of those described in subsection
35 (b)(1) from property located in the enterprise zone that exceeds the
36 amount sufficient for the purposes specified in subsection (b)(2) for the
37 year. The amount sufficient for purposes specified in subsection (b)(2)
38 for the year shall be determined based on the pro rata portion of such

1 current property tax proceeds from the portion of the enterprise zone
 2 that is within the allocation area as compared to all such current
 3 property tax proceeds derived from the allocation area. A unit that has
 4 no obligations, bonds, or leases payable from allocated tax proceeds
 5 under subsection (b)(2) shall establish a special zone fund and deposit
 6 all the property tax proceeds in excess of those described in subsection
 7 (b)(1) in the fund derived from property tax proceeds in excess of those
 8 described in subsection (b)(1) from property located in the enterprise
 9 zone. The unit that creates the special zone fund shall use the fund
 10 (based on the recommendations of the urban enterprise association) for
 11 programs in job training, job enrichment, and basic skill development
 12 that are designed to benefit residents and employers in the enterprise
 13 zone or other purposes specified in subsection (b)(2), except that where
 14 reference is made in subsection (b)(2) to allocation area it shall refer
 15 for purposes of payments from the special zone fund only to that
 16 portion of the allocation area that is also located in the enterprise zone.
 17 Those programs shall reserve at least one-half (1/2) of their enrollment
 18 in any session for residents of the enterprise zone.

19 (h) The state board of accounts and state board of tax
 20 commissioners shall make the rules and prescribe the forms and
 21 procedures that they consider expedient for the implementation of this
 22 chapter. After each general reassessment under IC 6-1.1-4, the state
 23 board of tax commissioners shall adjust the base assessed value one (1)
 24 time to neutralize any effect of the general reassessment on the
 25 property tax proceeds allocated to the redevelopment district under this
 26 section. However, the adjustment may not include the effect of property
 27 tax abatements under IC 6-1.1-12.1, and the adjustment may not
 28 produce less property tax proceeds allocable to the redevelopment
 29 district under subsection (b)(2) than would otherwise have been
 30 received if the general reassessment had not occurred. The state board
 31 of tax commissioners may prescribe procedures for county and
 32 township officials to follow to assist the state board in making the
 33 adjustments.

34 SECTION 228. IC 36-7-14-39.5 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 39.5. (a) As used
 36 in this section, "allocation area" has the meaning set forth in section 39
 37 of this chapter.

38 (b) As used in this section, "taxing district" has the meaning set

1 forth in IC 6-1.1-1-20.

2 (c) Subject to subsection (e), each taxpayer in an allocation area is
3 entitled to an additional credit for property taxes that under
4 IC 6-1.1-22-9 are due and payable in May and November of that year.
5 One-half (1/2) of the credit shall be applied to each installment of
6 property taxes. This credit equals the amount determined under the
7 following STEPS for each taxpayer in a taxing district that contains all
8 or part of the allocation area:

9 STEP ONE: Determine that part of the sum of the amounts under
10 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
11 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (as defined in
12 IC 6-1.1-21-2) that is attributable to the taxing district.

13 STEP TWO: Divide:

14 (A) that part of ~~twenty ten~~ percent (~~20%~~) **(10%)** of each
15 county's total county tax levy payable that year as determined
16 under IC 6-1.1-21-4 that is attributable to the taxing district; by
17 (B) the STEP ONE sum.

18 STEP THREE: Multiply:

19 (A) the STEP TWO quotient; times
20 (B) the total amount of the taxpayer's property taxes levied in
21 the taxing district that would have been allocated to an
22 allocation fund under section 39 of this chapter had the
23 additional credit described in this section not been given.

24 The additional credit reduces the amount of proceeds allocated to the
25 redevelopment district and paid into an allocation fund under section
26 39(b)(2) of this chapter.

27 (d) If the additional credit under subsection (c) is not reduced under
28 subsection (e) or (f), the credit for property tax replacement under
29 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
30 computed on an aggregate basis for all taxpayers in a taxing district
31 that contains all or part of an allocation area. The credit for property tax
32 replacement under IC 6-1.1-21-5 and the additional credit under
33 subsection (c) shall be combined on the tax statements sent to each
34 taxpayer.

35 (e) Upon the recommendation of the redevelopment commission,
36 the municipal legislative body (in the case of a redevelopment
37 commission established by a municipality) or the county executive (in
38 the case of a redevelopment commission established by a county) may,

1 by resolution, provide that the additional credit described in subsection
2 (c):

- 3 (1) does not apply in a specified allocation area; or
4 (2) is to be reduced by a uniform percentage for all taxpayers in
5 a specified allocation area.

6 (f) Whenever the municipal legislative body or county executive
7 determines that granting the full additional credit under subsection (c)
8 would adversely affect the interests of the holders of bonds or other
9 contractual obligations that are payable from allocated tax proceeds in
10 that allocation area in a way that would create a reasonable expectation
11 that those bonds or other contractual obligations would not be paid
12 when due, the municipal legislative body or county executive must
13 adopt a resolution under subsection (e) to deny the additional credit or
14 reduce it to a level that creates a reasonable expectation that the bonds
15 or other obligations will be paid when due. A resolution adopted under
16 subsection (e) denies or reduces the additional credit for property taxes
17 first due and payable in the allocation area in any year following the
18 year in which the resolution is adopted.

19 (g) A resolution adopted under subsection (e) remains in effect until
20 it is rescinded by the body that originally adopted it. However, a
21 resolution may not be rescinded if the rescission would adversely affect
22 the interests of the holders of bonds or other obligations that are
23 payable from allocated tax proceeds in that allocation area in a way that
24 would create a reasonable expectation that the principal of or interest
25 on the bonds or other obligations would not be paid when due. If a
26 resolution is rescinded and no other resolution is adopted, the
27 additional credit described in subsection (c) applies to property taxes
28 first due and payable in the allocation area in each year following the
29 year in which the resolution is rescinded.

30 SECTION 229. IC 36-7-14.5-12.5 IS AMENDED TO READ AS
31 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 12.5. (a) This
32 section applies only to an authority in a county having a United States
33 government military base that is scheduled for closing or is completely
34 or partially inactive or closed.

35 (b) In order to accomplish the purposes set forth in section 11(b) of
36 this chapter, an authority may create an economic development area:

- 37 (1) by following the procedures set forth in IC 36-7-14-41 for the
38 establishment of an economic development area by a

1 redevelopment commission; and
2 (2) with the same effect as if the economic development area was
3 created by a redevelopment commission.

4 However, an authority may not include in an economic development
5 area created under this section any area that was declared a blighted
6 area, an urban renewal area, or an economic development area under
7 IC 36-7-14.

8 (c) In order to accomplish the purposes set forth in section 11(b) of
9 this chapter, an authority may do the following in a manner that serves
10 an economic development area created under this section:

11 (1) Acquire by purchase, exchange, gift, grant, condemnation, or
12 lease, or any combination of methods, any personal property or
13 interest in real property needed for the redevelopment of
14 economic development areas located within the corporate
15 boundaries of the unit.

16 (2) Hold, use, sell (by conveyance by deed, land sale contract, or
17 other instrument), exchange, lease, rent, or otherwise dispose of
18 property acquired for use in the redevelopment of economic
19 development areas on the terms and conditions that the authority
20 considers best for the unit and the unit's inhabitants.

21 (3) Sell, lease, or grant interests in all or part of the real property
22 acquired for redevelopment purposes to any other department of
23 the unit or to any other governmental agency for public ways,
24 levees, sewerage, parks, playgrounds, schools, and other public
25 purposes on any terms that may be agreed on.

26 (4) Clear real property acquired for redevelopment purposes.

27 (5) Repair and maintain structures acquired for redevelopment
28 purposes.

29 (6) Remodel, rebuild, enlarge, or make major structural
30 improvements on structures acquired for redevelopment purposes.

31 (7) Survey or examine any land to determine whether the land
32 should be included within an economic development area to be
33 acquired for redevelopment purposes and to determine the value
34 of that land.

35 (8) Appear before any other department or agency of the unit, or
36 before any other governmental agency in respect to any matter
37 affecting:

38 (A) real property acquired or being acquired for redevelopment

- 1 purposes; or
- 2 (B) any economic development area within the jurisdiction of
- 3 the authority.
- 4 (9) Institute or defend in the name of the unit any civil action, but
- 5 all actions against the authority must be brought in the circuit or
- 6 superior court of the county where the authority is located.
- 7 (10) Use any legal or equitable remedy that is necessary or
- 8 considered proper to protect and enforce the rights of and perform
- 9 the duties of the authority.
- 10 (11) Exercise the power of eminent domain in the name of and
- 11 within the corporate boundaries of the unit subject to the same
- 12 conditions and procedures that apply to the exercise of the power
- 13 of eminent domain by a redevelopment commission under
- 14 IC 36-7-14.
- 15 (12) Appoint an executive director, appraisers, real estate experts,
- 16 engineers, architects, surveyors, and attorneys.
- 17 (13) Appoint clerks, guards, laborers, and other employees the
- 18 authority considers advisable, except that those appointments
- 19 must be made in accordance with the merit system of the unit if
- 20 such a system exists.
- 21 (14) Prescribe the duties and regulate the compensation of
- 22 employees of the authority.
- 23 (15) Provide a pension and retirement system for employees of
- 24 the authority by using the public employees' retirement fund or a
- 25 retirement plan approved by the United States Department of
- 26 Housing and Urban Development.
- 27 (16) Discharge and appoint successors to employees of the
- 28 authority subject to subdivision (13).
- 29 (17) Rent offices for use of the department or authority, or accept
- 30 the use of offices furnished by the unit.
- 31 (18) Equip the offices of the authority with the necessary
- 32 furniture, furnishings, equipment, records, and supplies.
- 33 (19) Design, order, contract for, and construct, reconstruct,
- 34 improve, or renovate the following:
- 35 (A) Any local public improvement or structure that is necessary
- 36 for redevelopment purposes or economic development within
- 37 the corporate boundaries of the unit.
- 38 (B) Any structure that enhances development or economic

- 1 development.
- 2 (20) Contract for the construction, extension, or improvement of
- 3 pedestrian skyways (as defined in IC 36-7-14-12.2(c)).
- 4 (21) Accept loans, grants, and other forms of financial assistance
- 5 from, or contract with, the federal government, the state
- 6 government, a municipal corporation, a special taxing district, a
- 7 foundation, or any other source.
- 8 (22) Make and enter into all contracts and agreements necessary
- 9 or incidental to the performance of the duties of the authority and
- 10 the execution of the powers of the authority under this chapter.
- 11 (23) Take any action necessary to implement the purpose of the
- 12 authority.
- 13 (24) Provide financial assistance, in the manner that best serves
- 14 the purposes set forth in section 11(b) of this chapter, including
- 15 grants and loans, to enable private enterprise to develop,
- 16 redevelop, and reuse military base property or otherwise enable
- 17 private enterprise to provide social and economic benefits to the
- 18 citizens of the unit.
- 19 (d) An authority may designate all or a portion of an economic
- 20 development area created under this section as an allocation area by
- 21 following the procedures set forth in IC 36-7-14-39 for the
- 22 establishment of an allocation area by a redevelopment commission.
- 23 The allocation provision may modify the definition of "property taxes"
- 24 under IC 36-7-14-39(a) to include taxes imposed under IC 6-1.1 on the
- 25 depreciable personal property located and taxable on the site of
- 26 operations of designated taxpayers in accordance with the procedures
- 27 applicable to a commission under IC 36-7-14-39.3. IC 36-7-14-39.3
- 28 applies to such a modification. An allocation area established by an
- 29 authority under this section is a special taxing district authorized by the
- 30 general assembly to enable the unit to provide special benefits to
- 31 taxpayers in the allocation area by promoting economic development
- 32 that is of public use and benefit. For allocation areas established for an
- 33 economic development area created under this section after June 30,
- 34 1997, and to the expanded portion of an allocation area for an
- 35 economic development area that was established before June 30, 1997,
- 36 and that is expanded under this section after June 30, 1997, the net
- 37 assessed value of property that is assessed as residential property under
- 38 the rules of the state board of tax commissioners, as finally determined

for any assessment date, must be allocated. All of the provisions of IC 36-7-14-39, IC 36-7-14-39.1, and IC 36-7-14-39.5 apply to an allocation area created under this section, except that the authority shall be vested with the rights and duties of a commission as referenced in those sections, and except that, notwithstanding IC 36-7-14-39(b)(2), property tax proceeds paid into the allocation fund may be used by the authority only to do one (1) or more of the following:

(1) Pay the principal of and interest and redemption premium on any obligations incurred by the special taxing district or any other entity for the purpose of financing or refinancing military base reuse activities in or serving or benefitting that allocation area.

(2) Establish, augment, or restore the debt service reserve for obligations payable solely or in part from allocated tax proceeds in that allocation area or from other revenues of the authority (including lease rental revenues).

(3) Make payments on leases payable solely or in part from allocated tax proceeds in that allocation area.

(4) Reimburse any other governmental body for expenditures made by it for local public improvements or structures in or serving or benefitting that allocation area.

(5) Pay all or a portion of a property tax replacement credit to taxpayers in an allocation area as determined by the authority. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district (as defined in IC 6-1.1-1-20) that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) (as defined in IC 6-1.1-21-2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of ~~the twenty ten percent (20%)~~ **(10%)** of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's property taxes levied in

1 the taxing district that have been allocated during that year to
2 an allocation fund under this section.

3 If not all the taxpayers in an allocation area receive the credit in
4 full, each taxpayer in the allocation area is entitled to receive the
5 same proportion of the credit. A taxpayer may not receive a credit
6 under this section and a credit under IC 36-7-14-39.5 in the same
7 year.

8 (6) Pay expenses incurred by the authority for local public
9 improvements or structures that are in the allocation area or
10 serving or benefiting the allocation area.

11 (7) Reimburse public and private entities for expenses incurred in
12 training employees of industrial facilities that are located:

13 (A) in the allocation area; and

14 (B) on a parcel of real property that has been classified as
15 industrial property under the rules of the state board of tax
16 commissioners.

17 However, the total amount of money spent for this purpose in any
18 year may not exceed the total amount of money in the allocation
19 fund that is attributable to property taxes paid by the industrial
20 facilities described in clause (B). The reimbursements under this
21 subdivision must be made within three (3) years after the date on
22 which the investments that are the basis for the increment
23 financing are made. The allocation fund may not be used for
24 operating expenses of the authority.

25 (e) In addition to other methods of raising money for property
26 acquisition, redevelopment, or economic development activities in or
27 directly serving or benefitting an economic development area created
28 by an authority under this section, and in anticipation of the taxes
29 allocated under subsection (d), other revenues of the authority, or any
30 combination of these sources, the authority may, by resolution, issue
31 the bonds of the special taxing district in the name of the unit. Bonds
32 issued under this section may be issued in any amount without
33 limitation. The following apply if such a resolution is adopted:

34 (1) The authority shall certify a copy of the resolution authorizing
35 the bonds to the municipal or county fiscal officer, who shall then
36 prepare the bonds. The seal of the unit must be impressed on the
37 bonds, or a facsimile of the seal must be printed on the bonds.

38 (2) The bonds must be executed by the appropriate officer of the

- 1 unit and attested by the unit's fiscal officer.
- 2 (3) The bonds are exempt from taxation for all purposes.
- 3 (4) Bonds issued under this section may be sold at public sale in
- 4 accordance with IC 5-1-11 or at a negotiated sale.
- 5 (5) The bonds are not a corporate obligation of the unit but are an
- 6 indebtedness of the taxing district. The bonds and interest are
- 7 payable, as set forth in the bond resolution of the authority:
- 8 (A) from the tax proceeds allocated under subsection (d);
- 9 (B) from other revenues available to the authority; or
- 10 (C) from a combination of the methods stated in clauses (A)
- 11 and (B).
- 12 (6) Proceeds from the sale of bonds may be used to pay the cost
- 13 of interest on the bonds for a period not to exceed five (5) years
- 14 from the date of issuance.
- 15 (7) Laws relating to the filing of petitions requesting the issuance
- 16 of bonds and the right of taxpayers to remonstrate against the
- 17 issuance of bonds do not apply to bonds issued under this section.
- 18 (8) If a debt service reserve is created from the proceeds of bonds,
- 19 the debt service reserve may be used to pay principal and interest
- 20 on the bonds as provided in the bond resolution.
- 21 (9) If bonds are issued under this chapter that are payable solely
- 22 or in part from revenues to the authority from a project or
- 23 projects, the authority may adopt a resolution or trust indenture or
- 24 enter into covenants as is customary in the issuance of revenue
- 25 bonds. The resolution or trust indenture may pledge or assign the
- 26 revenues from the project or projects. The resolution or trust
- 27 indenture may also contain any provisions for protecting and
- 28 enforcing the rights and remedies of the bond owners as may be
- 29 reasonable and proper and not in violation of law, including
- 30 covenants setting forth the duties of the authority. The authority
- 31 may establish fees and charges for the use of any project and
- 32 covenant with the owners of any bonds to set those fees and
- 33 charges at a rate sufficient to protect the interest of the owners of
- 34 the bonds. Any revenue bonds issued by the authority that are
- 35 payable solely from revenues of the authority shall contain a
- 36 statement to that effect in the form of bond.
- 37 (f) Notwithstanding section 8(a) of this chapter, an ordinance
- 38 adopted under section 11(b) of this chapter may provide, or be

1 amended to provide, that the board of directors of the authority shall be
2 composed of not fewer than three (3) nor more than seven (7)
3 members, who must be residents of the unit appointed by the executive
4 of the unit.

5 (g) The acquisition of real and personal property by an authority
6 under this section is not subject to the provisions of IC 5-22,
7 IC 36-1-10.5, IC 36-7-14-19, or any other statutes governing the
8 purchase of property by public bodies or their agencies.

9 (h) An authority may negotiate for the sale, lease, or other
10 disposition of real and personal property without complying with the
11 provisions of IC 5-22-22, IC 36-1-11, IC 36-7-14-22, or any other
12 statute governing the disposition of public property.

13 (i) Notwithstanding any other law, utility services provided within
14 an economic development area established under this section are
15 subject to regulation by the appropriate regulatory agencies unless the
16 utility service is provided by a utility that provides utility service solely
17 within the geographic boundaries of an existing or a closed military
18 installation, in which case the utility service is not subject to regulation
19 for purposes of rate making, regulation, service delivery, or issuance of
20 bonds or other forms of indebtedness. However, this exemption from
21 regulation does not apply to utility service if the service is generated,
22 treated, or produced outside the boundaries of the existing or closed
23 military installation.

24 SECTION 230. IC 36-7-15.1-26.5 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 26.5. (a) As used
26 in this section, "adverse determination" means a determination by the
27 fiscal officer of the consolidated city that the granting of credits
28 described in subsection (g) or (h) would impair any contract with or
29 otherwise adversely affect the owners of outstanding bonds payable
30 from the allocation area special fund.

31 (b) As used in this section, "allocation area" has the meaning set
32 forth in section 26 of this chapter.

33 (c) As used in this section, "special fund" refers to the special fund
34 into which property taxes are paid under section 26 of this chapter.

35 (d) As used in this section, "taxing district" has the meaning set
36 forth in IC 6-1.1-1-20.

37 (e) Except as provided in subsections (g), (h), and (i), each taxpayer
38 in an allocation area is entitled to an additional credit for property taxes

that, under IC 6-1.1-22-9, are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of ~~twenty ten~~ percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i) shall be combined on the tax statements sent to each taxpayer.

(g) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method provided in subsection (e) may be granted under this subsection. The credit provided under this subsection is first applicable for the allocation area for property taxes first due and payable in 1992. The following apply to the determination of the credit provided under this subsection:

- 1 (1) Before June 15 of each year, the fiscal officer of the
2 consolidated city shall determine and certify the following:
- 3 (A) All amounts due in the following year to the owners of
4 outstanding bonds payable from the allocation area special
5 fund.
- 6 (B) All amounts that are:
- 7 (i) required under contracts with bond holders; and
8 (ii) payable from the allocation area special fund to fund
9 accounts and reserves.
- 10 (C) An estimate of the amount of personal property taxes
11 available to be paid into the allocation area special fund under
12 section 26.9(c) of this chapter.
- 13 (D) An estimate of the aggregate amount of credits to be
14 granted if full credits are granted.
- 15 (2) Before June 15 of each year, the fiscal officer of the
16 consolidated city shall determine if the granting of the full amount
17 of credits in the following year would impair any contract with or
18 otherwise adversely affect the owners of outstanding bonds
19 payable from the allocation area special fund.
- 20 (3) If the fiscal officer of the consolidated city determines under
21 subdivision (2) that there would not be an impairment or adverse
22 effect:
- 23 (A) the fiscal officer of the consolidated city shall certify the
24 determination; and
- 25 (B) the full credits shall be applied in the following year,
26 subject to the determinations and certifications made under
27 section 26.7(b) of this chapter.
- 28 (4) If the fiscal officer of the consolidated city makes an adverse
29 determination under subdivision (2), the fiscal officer of the
30 consolidated city shall determine whether there is an amount of
31 partial credits that, if granted in the following year, would not
32 result in the impairment or adverse effect. If the fiscal officer
33 determines that there is an amount of partial credits that would
34 not result in the impairment or adverse effect, the fiscal officer
35 shall do the following:
- 36 (A) Determine the amount of the partial credits.
37 (B) Certify that determination.
- 38 (5) If the fiscal officer of the consolidated city certifies under

- 1 subdivision (4) that partial credits may be paid, the partial credits
 2 shall be applied pro rata among all affected taxpayers in the
 3 following year.
- 4 (6) An affected taxpayer may appeal any of the following to the
 5 circuit or superior court of the county in which the allocation area
 6 is located:
- 7 (A) A determination by the fiscal officer of the consolidated
 8 city that:
- 9 (i) credits may not be paid in the following year; or
 10 (ii) only partial credits may be paid in the following year.
- 11 (B) A failure by the fiscal officer of the consolidated city to
 12 make a determination by June 15 of whether full or partial
 13 credits are payable under this subsection.
- 14 (7) An appeal of a determination must be filed not later than thirty
 15 (30) days after the publication of the determination.
- 16 (8) An appeal of a failure by the fiscal officer of the consolidated
 17 city to make a determination of whether the credits are payable
 18 under this subsection must be filed by July 15 of the year in which
 19 the determination should have been made.
- 20 (9) All appeals under subdivision (6) shall be decided by the court
 21 within sixty (60) days.
- 22 (h) This subsection applies to an allocation area if allocated taxes
 23 from that area were pledged to bonds, leases, or other obligations of the
 24 commission before May 8, 1989. A credit calculated using the method
 25 in subsection (e) and in subdivision (2) of this subsection may be
 26 granted under this subsection. The following apply to the credit granted
 27 under this subsection:
- 28 (1) The credit is applicable to property taxes first due and payable
 29 in 1991.
- 30 (2) For purposes of this subsection, the amount of a credit for
 31 1990 taxes payable in 1991 with respect to an affected taxpayer
 32 is equal to:
- 33 (A) the amount of the quotient determined under STEP TWO
 34 of subsection (e); multiplied by
- 35 (B) the total amount of the property taxes payable by the
 36 taxpayer that were allocated in 1991 to the allocation area
 37 special fund under section 26 of this chapter.
- 38 (3) Before June 15, 1991, the fiscal officer of the consolidated

1 city shall determine and certify an estimate of the aggregate
2 amount of credits for 1990 taxes payable in 1991 if the full credits
3 are granted.

4 (4) The fiscal officer of the consolidated city shall determine
5 whether the granting of the full amounts of the credits for 1990
6 taxes payable in 1991 against 1991 taxes payable in 1992 and the
7 granting of credits under subsection (g) would impair any contract
8 with or otherwise adversely affect the owners of outstanding
9 bonds payable from the allocation area special fund for an
10 allocation area described in subsection (g).

11 (5) If the fiscal officer of the consolidated city determines that
12 there would not be an impairment or adverse effect under
13 subdivision (4):

14 (A) the fiscal officer shall certify that determination; and

15 (B) the full credits shall be applied against 1991 taxes payable
16 in 1992 or the amount of the credits shall be paid to the
17 taxpayers as provided in subdivision (12), subject to the
18 determinations and certifications made under section 26.7(b) of
19 this chapter.

20 (6) If the fiscal officer of the consolidated city makes an adverse
21 determination under subdivision (4), the fiscal officer shall
22 determine whether there is an amount of partial credits for 1990
23 taxes payable in 1991 that, if granted against 1991 taxes payable
24 in 1992 in addition to granting of the credits under subsection (g),
25 would not result in the impairment or adverse effect.

26 (7) If the fiscal officer of the consolidated city determines under
27 subdivision (6) that there is an amount of partial credits that
28 would not result in the impairment or adverse effect, the fiscal
29 officer shall determine the amount of partial credits and certify
30 that determination.

31 (8) If the fiscal officer of the consolidated city certifies under
32 subdivision (7) that partial credits may be paid, the partial credits
33 shall be applied pro rata among all affected taxpayers against
34 1991 taxes payable in 1992.

35 (9) An affected taxpayer may appeal any of the following to the
36 circuit or superior court of the county in which the allocation area
37 is located:

38 (A) A determination by the fiscal officer of the consolidated

- 1 city that:
- 2 (i) credits may not be paid for 1990 taxes payable in 1991; or
- 3 (ii) only partial credits may be paid for 1990 taxes payable in
- 4 1991.
- 5 (B) A failure by the fiscal officer of the consolidated city to
- 6 make a determination by June 15, 1991, of whether credits are
- 7 payable under this subsection.
- 8 (10) An appeal of a determination must be filed not later than
- 9 thirty (30) days after the publication of the determination. Any
- 10 such appeal shall be decided by the court within sixty (60) days.
- 11 (11) An appeal of a failure by the fiscal officer of the consolidated
- 12 city to make a determination of whether credits are payable under
- 13 this subsection must be filed by July 15, 1991. Any such appeal
- 14 shall be decided by the court within sixty (60) days.
- 15 (12) If 1991 taxes payable in 1992 with respect to a parcel are
- 16 billed to the same taxpayer to which 1990 taxes payable in 1991
- 17 were billed, the county treasurer shall apply to the tax bill for
- 18 1991 taxes payable in 1992 both the credit provided under
- 19 subsection (g) and the credit provided under this subsection,
- 20 along with any credit determined to be applicable to the tax bill
- 21 under subsection (i). In the alternative, at the election of the
- 22 county auditor, the county may pay to the taxpayer the amount of
- 23 the credit by May 10, 1992, and the amount shall be charged to
- 24 the taxing units in which the allocation area is located in the
- 25 proportion of the taxing units' respective tax rates for 1990 taxes
- 26 payable in 1991.
- 27 (13) If 1991 taxes payable in 1992 with respect to a parcel are
- 28 billed to a taxpayer other than the taxpayer to which 1990 taxes
- 29 payable in 1991 were billed, the county treasurer shall do the
- 30 following:
- 31 (A) Apply only the credits under subsections (g) and (i) to the
- 32 tax bill for 1991 taxes payable in 1992.
- 33 (B) Give notice by June 30, 1991, by publication two (2) times
- 34 in three (3) newspapers in the county with the largest
- 35 circulation of the availability of a refund of the credit under this
- 36 subsection.
- 37 A taxpayer entitled to a credit must file an application for refund
- 38 of the credit with the county auditor not later than November 30,

1 1991.

2 (14) A taxpayer who files an application by November 30, 1991,
 3 is entitled to payment from the county treasurer in an amount that
 4 is in the same proportion to the credit provided under this
 5 subsection with respect to a parcel as the amount of 1990 taxes
 6 payable in 1991 paid by the taxpayer with respect to the parcel
 7 bears to the 1990 taxes payable in 1991 with respect to the parcel.
 8 This amount shall be paid to the taxpayer by May 10, 1992, and
 9 shall be charged to the taxing units in which the allocation area is
 10 located in the proportion of the taxing units' respective tax rates
 11 for 1990 taxes payable in 1991.

12 (i) This subsection applies to an allocation area if allocated taxes
 13 from that area were pledged to bonds, leases, or other obligations of the
 14 commission before May 8, 1989. The following apply to the credit
 15 granted under this subsection:

16 (1) A prior year credit is applicable to property taxes first due and
 17 payable in each year from 1987 through 1990 (the "prior years").

18 (2) The credit for each prior year is equal to:

19 (A) the amount of the quotient determined under STEP TWO
 20 of subsection (e) for the prior year; multiplied by

21 (B) the total amount of the property taxes paid by the taxpayer
 22 that were allocated in the prior year to the allocation area
 23 special fund under section 26 of this chapter.

24 (3) Before January 31, 1992, the county auditor shall determine
 25 the amount of credits under subdivision (2) with respect to each
 26 parcel in the allocation area for all prior years with respect to
 27 which:

28 (A) taxes were billed to the same taxpayer for taxes payable in
 29 each year from 1987 through 1991; or

30 (B) an application was filed by November 30, 1991, under
 31 subdivision (8) for refund of the credits for prior years.

32 A report of the determination by parcel shall be sent by the county
 33 auditor to the state board of tax commissioners and the budget
 34 agency within five (5) days of such determination.

35 (4) Before January 31, 1992, the county auditor shall determine
 36 the quotient of the amounts determined under subdivision (3) with
 37 respect to each parcel divided by six (6).

38 (5) Before January 31, 1992, the county auditor shall determine

1 the quotient of the aggregate amounts determined under
2 subdivision (3) with respect to all parcels divided by twelve (12).

3 (6) Except as provided in subdivisions (7) and (9), in each year in
4 which credits from prior years remain unpaid, credits for the prior
5 years in the amounts determined under subdivision (4) shall be
6 applied as provided in this subsection.

7 (7) If taxes payable in the current year with respect to a parcel are
8 billed to the same taxpayer to which taxes payable in all of the
9 prior years were billed and if the amount determined under
10 subdivision (3) with respect to the parcel is at least five hundred
11 dollars (\$500), the county treasurer shall apply the credits
12 provided for the current year under subsections (g) and (h) and
13 the credit in the amount determined under subdivision (4) to the
14 tax bill for taxes payable in the current year. However, if the
15 amount determined under subdivision (3) with respect to the
16 parcel is less than five hundred dollars (\$500) (referred to in this
17 subdivision as "small claims"), the county may, at the election of
18 the county auditor, either apply a credit in the amount determined
19 under subdivision (3) or subdivision (4) to the tax bill for taxes
20 payable in the current year or pay either amount to the taxpayer.
21 If title to a parcel transfers in a year in which a credit under this
22 subsection is applied to the tax bill, the transferor may file an
23 application with the county auditor within thirty (30) days of the
24 date of the transfer of title to the parcel for payments to the
25 transferor at the same times and in the same amounts that would
26 have been allowed as credits to the transferor under this
27 subsection if there had not been a transfer. If a determination is
28 made by the county auditor to refund or credit small claims in the
29 amounts determined under subdivision (3) in 1992, the county
30 auditor may make appropriate adjustments to the credits applied
31 with respect to other parcels so that the total refunds and credits
32 in any year will not exceed the payments made from the state
33 property tax replacement fund to the prior year credit fund
34 referred to in subdivision (11) in that year.

35 (8) If taxes payable in the current year with respect to a parcel are
36 billed to a taxpayer that is not a taxpayer to which taxes payable
37 in all of the prior years were billed, the county treasurer shall do
38 the following:

- 1 (A) Apply only the credits under subsections (g) and (h) to the
- 2 tax bill for taxes payable in the current year.
- 3 (B) Give notice by June 30, 1991, by publication two (2) times
- 4 in three (3) newspapers in the county with the largest
- 5 circulation of the availability of a refund of the credit.
- 6 A taxpayer entitled to the credit must file an application for
- 7 refund of the credit with the county auditor not later than
- 8 November 30, 1991. A refund shall be paid to an eligible
- 9 applicant by May 10, 1992.
- 10 (9) A taxpayer who filed an application by November 30, 1991,
- 11 is entitled to payment from the county treasurer under subdivision
- 12 (8) in an amount that is in the same proportion to the credit
- 13 determined under subdivision (3) with respect to a parcel as the
- 14 amount of taxes payable in the prior years paid by the taxpayer
- 15 with respect to the parcel bears to the taxes payable in the prior
- 16 years with respect to the parcel.
- 17 (10) In each year on May 1 and November 1, the state shall pay
- 18 to the county treasurer from the state property tax replacement
- 19 fund the amount determined under subdivision (5).
- 20 (11) All payments received from the state under subdivision (10)
- 21 shall be deposited into a special fund to be known as the prior
- 22 year credit fund. The prior year credit fund shall be used to make:
- 23 (A) payments under subdivisions (7) and (9); and
- 24 (B) deposits into the special fund for the application of prior
- 25 year credits.
- 26 (12) All amounts paid into the special fund for the allocation area
- 27 under subdivision (11) are subject to any pledge of allocated
- 28 property tax proceeds made by the redevelopment district under
- 29 section 26(d) of this chapter, including but not limited to any
- 30 pledge made to owners of outstanding bonds of the
- 31 redevelopment district of allocated taxes from that area.
- 32 (13) By January 15, 1993, and by January 15 of each year
- 33 thereafter, the county auditor shall send to the state board of tax
- 34 commissioners and the budget agency a report of the receipts,
- 35 earnings, and disbursements of the prior year credit fund for the
- 36 prior calendar year. If in the final year that credits under
- 37 subsection (i) are allowed any balance remains in the prior year
- 38 credit fund after the payment of all credits payable under this

1 subsection, such balance shall be repaid to the treasurer of state
2 for deposit in the property tax replacement fund.

3 (14) In each year, the county shall limit the total of all refunds and
4 credits provided for in this subsection to the total amount paid in
5 that year from the property tax replacement fund into the prior
6 year credit fund and any balance remaining from the preceding
7 year in the prior year credit fund.

8 SECTION 231. IC 36-7-15.1-35 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 35. (a)
10 Notwithstanding section 26(a) of this chapter, with respect to the
11 allocation and distribution of property taxes for the accomplishment of
12 a program adopted under section 32 of this chapter, "base assessed
13 value" means the net assessed value of all of the land as finally
14 determined for the assessment date immediately preceding the effective
15 date of the allocation provision, as adjusted under section 26(g) of this
16 chapter. However, "base assessed value" does not include the value of
17 real property improvements to the land.

18 (b) The special fund established under section 26(b) of this chapter
19 for the allocation area for a program adopted under section 32 of this
20 chapter may be used only for purposes related to the accomplishment
21 of the program, including the following:

22 (1) The construction, rehabilitation, or repair of residential units
23 within the allocation area.

24 (2) The construction, reconstruction, or repair of infrastructure
25 (such as streets, sidewalks, and sewers) within or serving the
26 allocation area.

27 (3) The acquisition of real property and interests in real property
28 within the allocation area.

29 (4) The demolition of real property within the allocation area.

30 (5) To provide financial assistance to enable individuals and
31 families to purchase or lease residential units within the allocation
32 area. However, financial assistance may be provided only to those
33 individuals and families whose income is at or below the county's
34 median income for individuals and families, respectively.

35 (6) To provide financial assistance to neighborhood development
36 corporations to permit them to provide financial assistance for the
37 purposes described in subdivision (5).

38 (7) To provide each taxpayer in the allocation area a credit for

property tax replacement as determined under subsections (c) and (d). However, this credit may be provided by the commission only if the city-county legislative body establishes the credit by ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of ~~the amount~~ **ten percent (10%) of the county's total county tax levy payable that year as** determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by
- (B) the amount determined under STEP ONE.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; by
- (B) the taxpayer's property taxes levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of property taxes that under IC 6-1.1-22-9 are due and payable on May 1 and November 1 of a year. The commission must provide for the credit annually by a resolution and must find in the resolution the following:

- (1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.
- (2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.
- (3) If bonds of a lessor under section 17.1 of this chapter or under

1 IC 36-1-10 are outstanding and if lease rentals are payable from
 2 the fund, that there is a debt service reserve for those bonds that
 3 at least equals the amount of the credit to be granted.

4 If the tax increment is insufficient to grant the credit in full, the
 5 commission may grant the credit in part, prorated among all taxpayers.

6 (e) Notwithstanding section 26(b) of this chapter, the special fund
 7 established under section 26(b) of this chapter for the allocation area
 8 for a program adopted under section 32 of this chapter may only be
 9 used to do one (1) or more of the following:

10 (1) Accomplish one (1) or more of the actions set forth in section
 11 26(b)(2)(A) through section 26(b)(2)(H) of this chapter.

12 (2) Reimburse the consolidated city for expenditures made by the
 13 city in order to accomplish the housing program in that allocation
 14 area.

15 The special fund may not be used for operating expenses of the
 16 commission.

17 (f) Notwithstanding section 26(b) of this chapter, the commission
 18 shall, relative to the special fund established under section 26(b) of this
 19 chapter for an allocation area for a program adopted under section 32
 20 of this chapter, do the following before July 15 of each year:

21 (1) Determine the amount, if any, by which property taxes payable
 22 to the allocation fund in the following year will exceed the
 23 amount of property taxes necessary:

24 (A) to make, when due, principal and interest payments on
 25 bonds described in section 26(b)(2) of this chapter;

26 (B) to pay the amount necessary for other purposes described in
 27 section 26(b)(2) of this chapter; and

28 (C) to reimburse the consolidated city for anticipated
 29 expenditures described in subsection (e)(2).

30 (2) Notify the county auditor of the amount, if any, of excess
 31 property taxes that the commission has determined may be paid
 32 to the respective taxing units in the manner prescribed in section
 33 26(b)(1) of this chapter.

34 SECTION 232. IC 36-7-15.1-56, AS ADDED BY P.L.102-1999,
 35 SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 36 JANUARY 1, 2004]: Sec. 56. (a) As used in this section, "allocation
 37 area" has the meaning set forth in section 53 of this chapter.

38 (b) As used in this section, "taxing district" has the meaning set

1 forth in IC 6-1.1-1-20.

2 (c) Subject to subsection (e), each taxpayer in an allocation area is
3 entitled to an additional credit for property taxes that under
4 IC 6-1.1-22-9 are due and payable in May and November of that year.
5 One-half (1/2) of the credit shall be applied to each installment of
6 property taxes. This credit equals the amount determined under the
7 following STEPS for each taxpayer in a taxing district that contains all
8 or part of the allocation area:

9 STEP ONE: Determine that part of the sum of the amounts under
10 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
11 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
12 the taxing district.

13 STEP TWO: Divide:

14 (A) that part of ~~twenty ten~~ percent (~~20%~~) (**10%**) of each
15 county's total county tax levy payable that year as determined
16 under IC 6-1.1-21-4 that is attributable to the taxing district; by
17 (B) the STEP ONE sum.

18 STEP THREE: Multiply:

19 (A) the STEP TWO quotient; times
20 (B) the total amount of the taxpayer's property taxes levied in
21 the taxing district that would have been allocated to an
22 allocation fund under section 53 of this chapter had the
23 additional credit described in this section not been given.

24 The additional credit reduces the amount of proceeds allocated to the
25 development district and paid into an allocation fund under section
26 53(b)(2) of this chapter.

27 (d) If the additional credit under subsection (c) is not reduced under
28 subsection (e) or (f), the credit for property tax replacement under
29 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
30 computed on an aggregate basis for all taxpayers in a taxing district
31 that contains all or part of an allocation area. The credit for property tax
32 replacement under IC 6-1.1-21-5 and the additional credit under
33 subsection (c) shall be combined on the tax statements sent to each
34 taxpayer.

35 (e) Upon the recommendation of the commission, the excluded city
36 legislative body may, by resolution, provide that the additional credit
37 described in subsection (c):

38 (1) does not apply in a specified allocation area; or

1 (2) is to be reduced by a uniform percentage for all taxpayers in
2 a specified allocation area.

3 (f) Whenever the excluded city legislative body determines that
4 granting the full additional credit under subsection (c) would adversely
5 affect the interests of the holders of bonds or other contractual
6 obligations that are payable from allocated tax proceeds in that
7 allocation area in a way that would create a reasonable expectation that
8 those bonds or other contractual obligations would not be paid when
9 due, the excluded city legislative body must adopt a resolution under
10 subsection (e) to deny the additional credit or reduce it to a level that
11 creates a reasonable expectation that the bonds or other obligations will
12 be paid when due. A resolution adopted under subsection (e) denies or
13 reduces the additional credit for property taxes first due and payable in
14 the allocation area in any year following the year in which the
15 resolution is adopted.

16 (g) A resolution adopted under subsection (e) remains in effect until
17 it is rescinded by the body that originally adopted it. However, a
18 resolution may not be rescinded if the rescission would adversely affect
19 the interests of the holders of bonds or other obligations that are
20 payable from allocated tax proceeds in that allocation area in a way that
21 would create a reasonable expectation that the principal of or interest
22 on the bonds or other obligations would not be paid when due. If a
23 resolution is rescinded and no other resolution is adopted, the
24 additional credit described in subsection (c) applies to property taxes
25 first due and payable in the allocation area in each year following the
26 year in which the resolution is rescinded.

27 SECTION 233. IC 36-7-30-25 IS AMENDED TO READ AS
28 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 25. (a) The
29 following definitions apply throughout this section:

30 (1) "Allocation area" means that part of a military base reuse area
31 to which an allocation provision of a declaratory resolution
32 adopted under section 10 of this chapter refers for purposes of
33 distribution and allocation of property taxes.

34 (2) "Base assessed value" means:

35 (A) the net assessed value of all the property as finally
36 determined for the assessment date immediately preceding the
37 adoption date of the allocation provision of the declaratory
38 resolution, as adjusted under subsection (h); plus

1 (B) to the extent that it is not included in clause (A) or (C), the
 2 net assessed value of any and all parcels or classes of parcels
 3 identified as part of the base assessed value in the declaratory
 4 resolution or an amendment thereto, as finally determined for
 5 any subsequent assessment date; plus
 6 (C) to the extent that it is not included in clause (A) or (B), the
 7 net assessed value of property that is assessed as residential
 8 property under the rules of the state board of tax
 9 commissioners, as finally determined for any assessment date
 10 after the effective date of the allocation provision.

11 Clause (C) applies only to allocation areas established in a
 12 military reuse area after June 30, 1997, and to the portion of an
 13 allocation area that was established before June 30, 1997, and that
 14 is added to an existing allocation area after June 30, 1997.

15 (3) "Property taxes" means taxes imposed under IC 6-1.1 on real
 16 property.

17 (b) A declaratory resolution adopted under section 10 of this chapter
 18 before the date set forth in IC 36-7-14-39(b) pertaining to declaratory
 19 resolutions adopted under IC 36-7-14-15 may include a provision with
 20 respect to the allocation and distribution of property taxes for the
 21 purposes and in the manner provided in this section. A declaratory
 22 resolution previously adopted may include an allocation provision by
 23 the amendment of that declaratory resolution in accordance with the
 24 procedures set forth in section 13 of this chapter. The allocation
 25 provision may apply to all or part of the military base reuse area. The
 26 allocation provision must require that any property taxes subsequently
 27 levied by or for the benefit of any public body entitled to a distribution
 28 of property taxes on taxable property in the allocation area be allocated
 29 and distributed as follows:

30 (1) Except as otherwise provided in this section, the proceeds of
 31 the taxes attributable to the lesser of:

32 (A) the assessed value of the property for the assessment date
 33 with respect to which the allocation and distribution is made; or

34 (B) the base assessed value;
 35 shall be allocated to and, when collected, paid into the funds of
 36 the respective taxing units.

37 (2) Except as otherwise provided in this section, property tax
 38 proceeds in excess of those described in subdivision (1) shall be

1 allocated to the military base reuse district and, when collected,
 2 paid into an allocation fund for that allocation area that may be
 3 used by the military base reuse district and only to do one (1) or
 4 more of the following:

5 (A) Pay the principal of and interest and redemption premium
 6 on any obligations incurred by the military base reuse district or
 7 any other entity for the purpose of financing or refinancing
 8 military base reuse activities in or directly serving or benefiting
 9 that allocation area.

10 (B) Establish, augment, or restore the debt service reserve for
 11 bonds payable solely or in part from allocated tax proceeds in
 12 that allocation area or from other revenues of the reuse
 13 authority, including lease rental revenues.

14 (C) Make payments on leases payable solely or in part from
 15 allocated tax proceeds in that allocation area.

16 (D) Reimburse any other governmental body for expenditures
 17 made for local public improvements (or structures) in or
 18 directly serving or benefiting that allocation area.

19 (E) Pay all or a part of a property tax replacement credit to
 20 taxpayers in an allocation area as determined by the reuse
 21 authority. This credit equals the amount determined under the
 22 following STEPS for each taxpayer in a taxing district (as
 23 defined in IC 6-1.1-1-20) that contains all or part of the
 24 allocation area:

25 STEP ONE: Determine that part of the sum of the amounts
 26 under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2),
 27 IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and
 28 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

29 STEP TWO: Divide:

30 (A) that part of ~~the twenty ten percent (20%)~~ **(10%)** of each
 31 county's total county tax levy payable that year as determined
 32 under IC 6-1.1-21-4 that is attributable to the taxing district; by
 33 (B) the STEP ONE sum.

34 STEP THREE: Multiply:

35 (i) the STEP TWO quotient; times

36 (ii) the total amount of the taxpayer's property taxes levied in
 37 the taxing district that have been allocated during that year to
 38 an allocation fund under this section.

1 If not all the taxpayers in an allocation area receive the credit in
 2 full, each taxpayer in the allocation area is entitled to receive
 3 the same proportion of the credit. A taxpayer may not receive
 4 a credit under this section and a credit under section 27 of this
 5 chapter in the same year.

6 (F) Pay expenses incurred by the reuse authority for local public
 7 improvements or structures that were in the allocation area or
 8 directly serving or benefiting the allocation area.

9 (G) Reimburse public and private entities for expenses incurred
 10 in training employees of industrial facilities that are located:

11 (i) in the allocation area; and

12 (ii) on a parcel of real property that has been classified as
 13 industrial property under the rules of the state board of tax
 14 commissioners.

15 However, the total amount of money spent for this purpose in
 16 any year may not exceed the total amount of money in the
 17 allocation fund that is attributable to property taxes paid by the
 18 industrial facilities described in this clause. The
 19 reimbursements under this clause must be made not more than
 20 three (3) years after the date on which the investments that are
 21 the basis for the increment financing are made.

22 The allocation fund may not be used for operating expenses of the
 23 reuse authority.

24 (3) Except as provided in subsection (g), before July 15 of each
 25 year the reuse authority shall do the following:

26 (A) Determine the amount, if any, by which property taxes
 27 payable to the allocation fund in the following year will exceed
 28 the amount of property taxes necessary to make, when due,
 29 principal and interest payments on bonds described in
 30 subdivision (2) plus the amount necessary for other purposes
 31 described in subdivision (2).

32 (B) Notify the county auditor of the amount, if any, of the
 33 amount of excess property taxes that the reuse authority has
 34 determined may be paid to the respective taxing units in the
 35 manner prescribed in subdivision (1). The reuse authority may
 36 not authorize a payment to the respective taxing units under this
 37 subdivision if to do so would endanger the interest of the
 38 holders of bonds described in subdivision (2) or lessors under

1 section 19 of this chapter. Property taxes received by a taxing
2 unit under this subdivision are eligible for the property tax
3 replacement credit provided under IC 6-1.1-21.

4 (c) For the purpose of allocating taxes levied by or for any taxing
5 unit or units, the assessed value of taxable property in a territory in the
6 allocation area that is annexed by a taxing unit after the effective date
7 of the allocation provision of the declaratory resolution is the lesser of:

- 8 (1) the assessed value of the property for the assessment date with
9 respect to which the allocation and distribution is made; or
10 (2) the base assessed value.

11 (d) Property tax proceeds allocable to the military base reuse district
12 under subsection (b)(2) may, subject to subsection (b)(3), be
13 irrevocably pledged by the military base reuse district for payment as
14 set forth in subsection (b)(2).

15 (e) Notwithstanding any other law, each assessor shall, upon
16 petition of the reuse authority, reassess the taxable property situated
17 upon or in or added to the allocation area, effective on the next
18 assessment date after the petition.

19 (f) Notwithstanding any other law, the assessed value of all taxable
20 property in the allocation area, for purposes of tax limitation, property
21 tax replacement, and the making of the budget, tax rate, and tax levy
22 for each political subdivision in which the property is located is the
23 lesser of:

- 24 (1) the assessed value of the property as valued without regard to
25 this section; or
26 (2) the base assessed value.

27 (g) If any part of the allocation area is located in an enterprise zone
28 created under IC 4-4-6.1, the unit that designated the allocation area
29 shall create funds as specified in this subsection. A unit that has
30 obligations, bonds, or leases payable from allocated tax proceeds under
31 subsection (b)(2) shall establish an allocation fund for the purposes
32 specified in subsection (b)(2) and a special zone fund. Such a unit
33 shall, until the end of the enterprise zone phase out period, deposit each
34 year in the special zone fund any amount in the allocation fund derived
35 from property tax proceeds in excess of those described in subsection
36 (b)(1) from property located in the enterprise zone that exceeds the
37 amount sufficient for the purposes specified in subsection (b)(2) for the
38 year. The amount sufficient for purposes specified in subsection (b)(2)

1 for the year shall be determined based on the pro rata part of such
 2 current property tax proceeds from the part of the enterprise zone that
 3 is within the allocation area as compared to all such current property
 4 tax proceeds derived from the allocation area. A unit that does not have
 5 obligations, bonds, or leases payable from allocated tax proceeds under
 6 subsection (b)(2) shall establish a special zone fund and deposit all the
 7 property tax proceeds in excess of those described in subsection (b)(1)
 8 that are derived from property in the enterprise zone in the fund. The
 9 unit that creates the special zone fund shall use the fund (based on the
 10 recommendations of the urban enterprise association) for programs in
 11 job training, job enrichment, and basic skill development that are
 12 designed to benefit residents and employers in the enterprise zone or
 13 other purposes specified in subsection (b)(2), except that where
 14 reference is made in subsection (b)(2) to allocation area it shall refer
 15 for purposes of payments from the special zone fund only to that
 16 portion of the allocation area that is also located in the enterprise zone.
 17 The programs shall reserve at least one-half (1/2) of their enrollment
 18 in any session for residents of the enterprise zone.

19 (h) After each general reassessment under IC 6-1.1-4, the state
 20 board of tax commissioners shall adjust the base assessed value one (1)
 21 time to neutralize any effect of the general reassessment on the
 22 property tax proceeds allocated to the military base reuse district under
 23 this section. However, the adjustment may not include the effect of
 24 property tax abatements under IC 6-1.1-12.1, and the adjustment may
 25 not produce less property tax proceeds allocable to the military base
 26 reuse district under subsection (b)(2) than would otherwise have been
 27 received if the general reassessment had not occurred. The state board
 28 of tax commissioners may prescribe procedures for county and
 29 township officials to follow to assist the state board in making the
 30 adjustments.

31 SECTION 234. IC 36-7-30-27 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 27. (a) As used
 33 in this section, "allocation area" has the meaning set forth in section 25
 34 of this chapter.

35 (b) As used in this section, "taxing district" has the meaning set
 36 forth in IC 6-1.1-1-20.

37 (c) Subject to subsection (e), each taxpayer in an allocation area is
 38 entitled to an additional credit for property taxes that under

IC 6-1.1-22-9 are due and payable in May and November of that year. One-half (1/2) of the credit shall be applied to each installment of property taxes. This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of ~~twenty ten~~ percent ~~(20%)~~ **(10%)** of each county's total county tax levy payable that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the total amount of the taxpayer's property taxes levied in the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the reuse authority, the municipal legislative body (in the case of a reuse authority established by a municipality) or the county executive (in the case of a reuse authority established by a county) may by resolution provide that the additional credit described in subsection (c):

- (1) does not apply in a specified allocation area; or
- (2) is to be reduced by a uniform percentage for all taxpayers in

1 a specified allocation area.

2 (f) If the municipal legislative body or county executive determines
3 that granting the full additional credit under subsection (c) would
4 adversely affect the interests of the holders of bonds or other
5 contractual obligations that are payable from allocated tax proceeds in
6 that allocation area in a way that would create a reasonable expectation
7 that those bonds or other contractual obligations would not be paid
8 when due, the municipal legislative body or county executive must
9 adopt a resolution under subsection (e) to deny the additional credit or
10 reduce the credit to a level that creates a reasonable expectation that
11 the bonds or other obligations will be paid when due. A resolution
12 adopted under subsection (e) denies or reduces the additional credit for
13 property taxes first due and payable in the allocation area in any year
14 following the year in which the resolution is adopted.

15 (g) A resolution adopted under subsection (e) remains in effect until
16 rescinded by the body that originally adopted the resolution. However,
17 a resolution may not be rescinded if the rescission would adversely
18 affect the interests of the holders of bonds or other obligations that are
19 payable from allocated tax proceeds in that allocation area in a way that
20 would create a reasonable expectation that the principal of or interest
21 on the bonds or other obligations would not be paid when due. If a
22 resolution is rescinded and no other resolution is adopted, the
23 additional credit described in subsection (c) applies to property taxes
24 first due and payable in the allocation area in each year following the
25 year in which the resolution is rescinded.

26 SECTION 235. IC 36-7-32 IS ADDED TO THE INDIANA CODE
27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
28 JULY 1, 2002]:

29 **Chapter 32. Certified Technology Parks**

30 **Sec. 1. This chapter applies to all units having a department of**
31 **redevelopment under IC 36-7-14 or a department of metropolitan**
32 **development as the redevelopment commission of a consolidated**
33 **city under IC 36-7-15.1.**

34 **Sec. 2. The definitions set forth in IC 36-7-14 and IC 36-7-15.1**
35 **apply throughout this chapter.**

36 **Sec. 3. As used in this chapter, the following terms have the**
37 **meanings set forth in IC 6-1.1-1:**

38 (1) **Assessment date.**

1 **(2) Assessed value or assessed valuation.**

2 **(3) Taxing district.**

3 **(4) Taxing unit.**

4 **Sec. 4. As used in this chapter, "base assessed value" means:**

5 **(1) the net assessed value of all the taxable property located in**
 6 **a certified technology park as finally determined for the**
 7 **assessment date immediately preceding the effective date of**
 8 **the allocation provision of a resolution adopted under section**
 9 **15 of this chapter; plus**

10 **(2) to the extent it is not included in subdivision (1), the net**
 11 **assessed value of property that is assessed as residential**
 12 **property under the rules of the department of local**
 13 **government finance, as finally determined for any assessment**
 14 **date after the effective date of the allocation provision.**

15 **Sec. 5. As used in this chapter, "business incubator" means real**
 16 **and personal property that:**

17 **(1) is located in a certified technology park;**

18 **(2) is subject to an agreement under section 12 of this chapter;**
 19 **and**

20 **(3) is developed for the primary purpose of attracting one (1)**
 21 **or more owners or tenants who will engage in high technology**
 22 **activities.**

23 **Sec. 6. As used in this chapter, "gross retail base period**
 24 **amount" means the aggregate amount of state gross retail and use**
 25 **taxes remitted under IC 6-2.5 by the businesses operating in the**
 26 **territory comprising a certified technology park during the full**
 27 **state fiscal year that precedes the date on which the certified**
 28 **technology park was designated under section 11 of this chapter.**

29 **Sec. 7. As used in this chapter, "high technology activity" means**
 30 **one (1) or more of the following:**

31 **(1) Advanced computing, which is any technology used in the**
 32 **design and development of any of the following:**

33 **(A) Computer hardware and software.**

34 **(B) Data communications.**

35 **(C) Information technologies.**

36 **(2) Advanced materials, which are materials with engineered**
 37 **properties created through the development of specialized**
 38 **process and synthesis technology.**

(3) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning or stem cell research with embryonic tissue.

(4) Electronic device technology, which is any technology that involves:

(A) microelectronics, semiconductors, or electronic equipment;

(B) instrumentation, radio frequency, microwave, and millimeter electronics;

(C) optical and optic electrical devices; or

(D) data and digital communications and imaging devices.

(5) Engineering or laboratory testing related to the development of a product.

(6) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.

(7) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.

(8) Product research and development.

(9) Advanced vehicles technology, which is any technology that involves:

(A) electric vehicles, hybrid vehicles, or alternative fuel vehicles; or

(B) components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles.

Sec. 8. As used in this chapter, "income tax base period amount" means the aggregate amount of the following taxes paid by employees employed in the territory comprising a certified technology park with respect to wages and salary earned for work in the certified technology park for the state fiscal year that

1 precedes the date on which the certified technology park was
2 designated under section 11 of this chapter:

- 3 (1) The adjusted gross income tax.
- 4 (2) The county adjusted gross income tax.
- 5 (3) The county option income tax.
- 6 (4) The county economic development income tax.

7 Sec. 9. As used in this chapter, subject to the approval of the
8 department of commerce under an agreement entered into under
9 section 12 of this chapter, "public facilities" includes the following:

10 (1) A street, road, bridge, storm water or sanitary sewer,
11 sewage treatment facility, facility designed to reduce,
12 eliminate, or prevent the spread of identified soil or
13 groundwater contamination, drainage system, retention basin,
14 pretreatment facility, waterway, waterline, water storage
15 facility, rail line, electric, gas, telephone or other
16 communications, or any other type of utility line or pipeline,
17 or other similar or related structure or improvement,
18 together with necessary easements for the structure or
19 improvement. Except for rail lines, utility lines, or pipelines,
20 the structures or improvements described in this subdivision
21 must be either owned or used by a public agency, functionally
22 connected to similar or supporting facilities owned or used by
23 a public agency, or designed and dedicated to use by, for the
24 benefit of, or for the protection of the health, welfare, or
25 safety of the public generally, whether or not used by a single
26 business entity. Any road, street, or bridge must be
27 continuously open to public access. A public facility must be
28 located on public property or in a public, utility, or
29 transportation easement or right-of-way.

30 (2) Land and other assets that are or may become eligible for
31 depreciation for federal income tax purposes for a business
32 incubator located in a certified technology park.

33 (3) Land and other assets that, if privately owned, would be
34 eligible for depreciation for federal income tax purposes for
35 laboratory facilities, research and development facilities,
36 conference facilities, teleconference facilities, testing, training
37 facilities, and quality control facilities:

38 (A) that are or that support property whose primary

- 1 purpose and use is or will be for a high technology activity;
- 2 (B) that are owned by a public entity; and
- 3 (C) that are located within a certified technology park.

4 **Sec. 10.** A unit may apply to the department of commerce for
 5 designation of all or part of the territory within the jurisdiction of
 6 the unit's redevelopment commission as a certified technology park
 7 and to enter into an agreement governing the terms and conditions
 8 of the designation. The application must be in a form specified by
 9 the department and shall include information the department
 10 determines necessary to make the determinations required under
 11 section 11 of this chapter.

12 **Sec. 11.** (a) After receipt of an application under section 10 of
 13 this chapter, and subject to subsection (b), the department of
 14 commerce may designate a certified technology park if the
 15 department determines that the application demonstrates a firm
 16 commitment from at least one (1) business engaged in a high
 17 technology activity creating a significant number of jobs and
 18 satisfies one (1) or more of the following additional criteria:

19 (1) A demonstration of significant support from an institution
 20 of higher education or a private research based institute
 21 located within, or in the vicinity of, the proposed certified
 22 technology park, as evidenced by the following criteria:

23 (A) Grants of preferences for access to and
 24 commercialization of intellectual property.

25 (B) Access to laboratory and other facilities owned by or
 26 under control of the institution of higher education or
 27 private research based institute.

28 (C) Donations of services.

29 (D) Access to telecommunications facilities and other
 30 infrastructure.

31 (E) Financial commitments.

32 (F) Access to faculty, staff, and students.

33 (G) Opportunities for adjunct faculty and other types of
 34 staff arrangements or affiliations.

35 (H) Other criteria considered appropriate by the
 36 department.

37 (2) A demonstration of a significant commitment by the
 38 institution of higher education or private research based

1 institute to the commercialization of research produced at the
2 certified technology park, as evidenced by the intellectual
3 property and, if applicable, tenure policies that reward
4 faculty and staff for commercialization and collaboration with
5 private businesses.

6 (3) A demonstration that the proposed certified technology
7 park will be developed to take advantage of the unique
8 characteristics and specialties offered by the public and
9 private resources available in the area in which the proposed
10 certified technology park will be located.

11 (4) The existence of or proposed development of a business
12 incubator within the proposed certified technology park that
13 exhibits the following types of resources and organization:

14 (A) Significant financial and other types of support from the
15 public or private resources in the area in which the
16 proposed certified technology park will be located.

17 (B) A business plan exhibiting the economic utilization and
18 availability of resources and a likelihood of successful
19 development of technologies and research into viable
20 business enterprises.

21 (C) A commitment to the employment of a qualified
22 full-time manager to supervise the development and
23 operation of the business incubator.

24 (5) The existence of a business plan for the proposed certified
25 technology park that identifies its objectives in a clearly
26 focused and measurable fashion and that addresses the
27 following matters:

28 (A) A commitment to new business formation.

29 (B) The clustering of businesses, technology, and research.

30 (C) The opportunity for and costs of development of
31 properties under common ownership or control.

32 (D) The availability of and method proposed for
33 development of infrastructure and other improvements,
34 including telecommunications technology, necessary for the
35 development of the proposed certified technology park.

36 (E) Assumptions of costs and revenues related to the
37 development of the proposed certified technology park.

38 (6) A demonstrable and satisfactory assurance that the

1 proposed certified technology park can be developed to
2 principally contain property that is primarily used for, or will
3 be primarily used for, a high technology activity or a business
4 incubator.

5 (b) The department of commerce may not approve an
6 application that would result in a substantial reduction or cessation
7 of operations in another location in Indiana in order to relocate
8 them within the certified technology park.

9 (c) There may be not more than three (3) certified technology
10 parks designated by the department.

11 Sec. 12. A redevelopment commission and the legislative body
12 of the unit that established the redevelopment commission may
13 enter into an agreement with the department of commerce
14 establishing the terms and conditions governing a certified
15 technology park designated under section 11 of this chapter. Upon
16 designation of the certified technology park under the terms of the
17 agreement, the subsequent failure of any party to comply with the
18 terms of the agreement does not result in the termination or
19 rescission of the designation of the area as a certified technology
20 park. The agreement must include the following provisions:

21 (1) A description of the area to be included within the certified
22 technology park.

23 (2) Covenants and restrictions, if any, upon all or a part of the
24 properties contained within the certified technology park and
25 terms of enforcement of any covenants or restrictions.

26 (3) The financial commitments of any party to the agreement
27 and of any owner or developer of property within the certified
28 technology park.

29 (4) The terms of any commitment required from an institution
30 of higher education or private research based institute for
31 support of the operations and activities within the certified
32 technology park.

33 (5) The terms of enforcement of the agreement, which may
34 include the definition of events of default, cure periods, legal
35 and equitable remedies and rights, and penalties and
36 damages, actual or liquidated, upon the occurrence of an
37 event of default.

38 (6) The public facilities to be developed for the certified

1 technology park and the costs of those public facilities, as
2 approved by the department of commerce.

3 **Sec. 13. (a)** If the department of commerce determines that a
4 sale price or rental value at below market rate will assist in
5 increasing employment or private investment in a certified
6 technology park, the redevelopment commission and the legislative
7 body of the unit may determine the sale price or rental value for
8 public facilities owned or developed by the redevelopment
9 commission and the unit in the certified technology park at below
10 market rate.

11 **(b)** If public facilities developed under an agreement entered
12 into under this chapter are conveyed or leased at less than fair
13 market value or at below market rates, the terms of the conveyance
14 or lease shall include legal and equitable remedies and rights to
15 assure that the public facilities are used for high technology
16 activities or as a business incubator. Legal and equitable remedies
17 and rights may include penalties and actual or liquidated damages.

18 **Sec. 14.** The department of commerce shall market the certified
19 technology park. The department and a redevelopment commission
20 may contract with each other or any third party for these
21 marketing services.

22 **Sec. 15. (a)** Subject to the approval of the legislative body of the
23 unit that established the redevelopment commission, the
24 redevelopment commission may adopt a resolution designating a
25 certified technology park as an allocation area for purposes of the
26 allocation and distribution of property taxes.

27 **(b)** After adoption of the resolution under subsection (a), the
28 redevelopment commission shall:

29 (1) publish notice of the adoption and substance of the
30 resolution in accordance with IC 5-3-1; and

31 (2) file the following information with each taxing unit that
32 has authority to levy property taxes in the geographic area
33 where the certified technology park is located:

34 (A) A copy of the notice required by subdivision (1).

35 (B) A statement disclosing the impact of the certified
36 technology park, including the following:

37 (i) The estimated economic benefits and costs incurred by
38 the certified technology park, as measured by increased

1 employment and anticipated growth of real property
2 assessed values.

3 (ii) The anticipated impact on tax revenues of each taxing
4 unit.

5 The notice must state the general boundaries of the certified
6 technology park and must state that written remonstrances may be
7 filed with the redevelopment commission until the time designated
8 for the hearing. The notice must also name the place, date, and
9 time when the redevelopment commission will receive and hear
10 remonstrances and objections from persons interested in or
11 affected by the proceedings pertaining to the proposed allocation
12 area and will determine the public utility and benefit of the
13 proposed allocation area. The commission shall file the information
14 required by subdivision (2) with the officers of the taxing unit who
15 are authorized to fix budgets, tax rates, and tax levies under
16 IC 6-1.1-17-5 at least ten (10) days before the date of the public
17 hearing. All persons affected in any manner by the hearing,
18 including all taxpayers within the taxing district of the
19 redevelopment commission, shall be considered notified of the
20 pendency of the hearing and of subsequent acts, hearings,
21 adjournments, and orders of the redevelopment commission
22 affecting the allocation area if the redevelopment commission gives
23 the notice required by this section.

24 (c) At the hearing, which may be recessed and reconvened
25 periodically, the redevelopment commission shall hear all persons
26 interested in the proceedings and shall consider all written
27 remonstrances and objections that have been filed. After
28 considering the evidence presented, the redevelopment commission
29 shall take final action determining the public utility and benefit of
30 the proposed allocation area confirming, modifying and
31 confirming, or rescinding the resolution. The final action taken by
32 the redevelopment commission shall be recorded and is final and
33 conclusive, except that an appeal may be taken in the manner
34 prescribed by section 16 of this chapter.

35 Sec. 16. (a) A person who files a written remonstrance with the
36 redevelopment commission under section 15 of this chapter and is
37 aggrieved by the final action taken may, within ten (10) days after
38 that final action, file with the office of the clerk of the circuit or

1 superior court of the county a copy of the redevelopment
 2 commission's resolution and the person's remonstrance against the
 3 resolution, together with the person's bond as provided by
 4 IC 34-13-5-7.

5 (b) An appeal under this section shall be promptly heard by the
 6 court without a jury. All remonstrances upon which an appeal has
 7 been taken shall be consolidated and heard and determined within
 8 thirty (30) days after the time of filing of the appeal. The court
 9 shall decide the appeal based on the record and evidence before the
 10 redevelopment commission, not by trial de novo, and may confirm
 11 the final action of the redevelopment commission or sustain the
 12 remonstrances. The judgment of the court is final and conclusive,
 13 unless an appeal is taken as in other civil actions.

14 Sec. 17. (a) An allocation provision adopted under section 15 of
 15 this chapter must:

- 16 (1) apply to the entire certified technology park; and
- 17 (2) require that any property tax on taxable property
- 18 subsequently levied by or for the benefit of any public body
- 19 entitled to a distribution of property taxes in the certified
- 20 technology park be allocated and distributed as provided in
- 21 subsections (b) and (c).

22 (b) Except as otherwise provided in this section, the proceeds of
 23 the taxes attributable to the lesser of:

- 24 (1) the assessed value of the taxable property for the
- 25 assessment date with respect to which the allocation and
- 26 distribution is made; or
- 27 (2) the base assessed value;

28 shall be allocated and, when collected, paid into the funds of the
 29 respective taxing units.

30 (c) Except as provided in subsection (d), all the property tax
 31 proceeds that exceed those described in subsection (b) shall be
 32 allocated to the redevelopment commission for the certified
 33 technology park and, when collected, paid into the certified
 34 technology park fund established under section 23 of this chapter.

35 (d) Before July 15 of each year, the redevelopment commission
 36 shall do the following:

- 37 (1) Determine the amount, if any, by which the property tax
- 38 proceeds to be deposited in the certified technology park fund

1 will exceed the amount necessary for the purposes described
2 in section 23 of this chapter.

3 (2) Notify the county auditor of the amount, if any, of excess
4 tax proceeds that the redevelopment commission has
5 determined may be allocated to the respective taxing units in
6 the manner prescribed in subsection (c). The redevelopment
7 commission may not authorize an allocation of property tax
8 proceeds under this subdivision if to do so would endanger the
9 interests of the holders of bonds described in section 24 of this
10 chapter.

11 (e) Notwithstanding any other law, each assessor shall, upon
12 petition of the redevelopment commission, reassess the taxable
13 property situated upon or in, or added to, the certified technology
14 park effective on the next assessment date after the petition.

15 (f) Notwithstanding any other law, the assessed value of all
16 taxable property in the certified technology park, for purposes of
17 tax limitation, property tax replacement, and formulation of the
18 budget, tax rate, and tax levy for each political subdivision in
19 which the property is located is the lesser of:

20 (1) the assessed value of the taxable property as valued
21 without regard to this section; or

22 (2) the base assessed value.

23 Sec. 18. (a) A redevelopment commission may, by resolution,
24 provide that each taxpayer in a certified technology park that has
25 been designated as an allocation area is entitled to an additional
26 credit for property taxes that, under IC 6-1.1-22-9, are due and
27 payable in May and November of that year. One-half (1/2) of the
28 credit shall be applied to each installment of property taxes. This
29 credit equals the amount determined under the following STEPS
30 for each taxpayer in a taxing district that contains all or part of the
31 certified technology park:

32 STEP ONE: Determine that part of the sum of the amounts
33 under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through
34 IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

35 STEP TWO: Divide:

36 (A) that part of ten percent (10%) of the county's total
37 county tax levy payable that year as determined under
38 IC 6-1.1-21-4 that is attributable to the taxing district; by

- 1 **(B) the STEP ONE sum.**
 2 **STEP THREE: Multiply:**
 3 **(A) the STEP TWO quotient; by**
 4 **(B) the total amount of the taxpayer's property taxes levied**
 5 **in the taxing district that would have been allocated to the**
 6 **certified technology park fund under section 17 of this**
 7 **chapter had the additional credit described in this section**
 8 **not been given.**

9 **The additional credit reduces the amount of proceeds allocated and**
 10 **paid into the certified technology park fund under section 17 of this**
 11 **chapter.**

- 12 **(b) The additional credit under subsection (a) shall be:**
 13 **(1) computed on an aggregate basis of all taxpayers in a taxing**
 14 **district that contains all or part of a certified technology park;**
 15 **and**
 16 **(2) combined on the tax statement sent to each taxpayer.**

17 **(c) Concurrently with the mailing or other delivery of the tax**
 18 **statement or any corrected tax statement to each taxpayer, as**
 19 **required by IC 6-1.1-22-8(a), each county treasurer shall for each**
 20 **tax statement also deliver to each taxpayer in a certified technology**
 21 **park who is entitled to the additional credit under subsection (a) a**
 22 **notice of additional credit. The actual dollar amount of the credit,**
 23 **the taxpayer's name and address, and the tax statement to which**
 24 **the credit applies must be stated on the notice.**

25 **(d) Notwithstanding any other law, a taxpayer in a certified**
 26 **technology park is not entitled to a credit for property tax**
 27 **replacement under IC 6-1.1-21-5.**

28 **Sec. 19. (a) The state board of accounts and department of local**
 29 **government finance shall make the rules and prescribe the forms**
 30 **and procedures that the state board of accounts and department of**
 31 **local government finance consider appropriate for the**
 32 **implementation of an allocation area under this chapter.**

33 **(b) After each general reassessment under IC 6-1.1-4, the**
 34 **department of local government finance shall adjust the base**
 35 **assessed value one (1) time to neutralize any effect of the general**
 36 **reassessment on the property tax proceeds allocated to certified**
 37 **technology park fund under section 17 of this chapter.**

38 **Sec. 20. (a) After entering into an agreement under section 12 of**

1 this chapter, the redevelopment commission shall send to the
2 department of state revenue:

- 3 (1) a certified copy of the designation of the certified
- 4 technology park under section 11 of this chapter;
- 5 (2) a certified copy of the agreement entered into under
- 6 section 12 of this chapter; and
- 7 (3) a complete list of the employers in the certified technology
- 8 park and the street names and the range of street numbers of
- 9 each street in the certified technology park.

10 The redevelopment commission shall update the list provided
11 under subdivision (3) before July 1 of each year.

12 (b) Not later than sixty (60) days after receiving a copy of the
13 designation of the certified technology park, the department of
14 state revenue shall determine the gross retail base period amount
15 and the income tax base period amount.

16 Sec. 21. Before the first business day in October of each year,
17 the department of state revenue shall calculate the income tax
18 incremental amount and the gross retail incremental amount for
19 the preceding state fiscal year for each certified technology park
20 designated under this chapter.

21 Sec. 22. (a) The treasurer of state shall establish an incremental
22 tax financing fund for each certified technology park designated
23 under this chapter. The fund shall be administered by the treasurer
24 of state. Money in the fund does not revert to the state general fund
25 at the end of a state fiscal year.

26 (b) Subject to subsection (c), the following amounts shall be
27 deposited during each state fiscal year in the incremental tax
28 financing fund established for a certified technology park under
29 subsection (a):

- 30 (1) The aggregate amount of state gross retail and use taxes
- 31 that are remitted under IC 6-2.5 by businesses operating in
- 32 the certified technology park, until the amount of state gross
- 33 retail and use taxes deposited equals the gross retail
- 34 incremental amount for the certified technology park.
- 35 (2) The aggregate amount of the following taxes paid by
- 36 employees employed in the certified technology park with
- 37 respect to wages earned for work in the certified technology
- 38 park, until the amount deposited equals the income tax

1 incremental amount:

2 (A) The adjusted gross income tax.

3 (B) The county adjusted gross income tax.

4 (C) The county option income tax.

5 (D) The county economic development income tax.

6 (c) No additional deposits shall be made in an incremental tax
7 financing fund under subsection (b) after the total amount of
8 deposits that has been made in that fund reaches five million
9 dollars (\$5,000,000).

10 (d) On or before the twentieth day of each month, all amounts
11 held in the incremental tax financing fund established for a
12 certified technology park shall be distributed to the redevelopment
13 commission for deposit in the certified technology park fund
14 established under section 23 of this chapter.

15 Sec. 23. (a) Each redevelopment commission that establishes a
16 certified technology park under this chapter shall establish a
17 certified technology park fund to receive:

18 (1) property tax proceeds allocated under section 17 of this
19 chapter; and

20 (2) money distributed to the redevelopment commission under
21 section 22 of this chapter.

22 (b) Money deposited in the certified technology park fund may
23 be used by the redevelopment commission only for one (1) or more
24 of the following purposes.

25 (1) Acquisition, improvement, preparation, demolition,
26 disposal, construction, reconstruction, remediation,
27 rehabilitation, restoration, preservation, maintenance, repair,
28 furnishing, and equipping of public facilities.

29 (2) Operation of public facilities described in section 9(2) of
30 this chapter.

31 (3) Payment of the principal of and interest on any obligations
32 that are payable solely or in part from money deposited in the
33 fund and are incurred by the redevelopment commission for
34 the purpose of financing or refinancing the development of
35 public facilities in the certified technology park.

36 (4) Establishment, augmentation, or restoration of the debt
37 service reserve for obligations described in subdivision (3).

38 (5) Payment of the principal of and interest on bonds issued

by the unit to pay for public facilities in or serving the certified technology park.

(6) Payment of premiums on the redemption before maturity of bonds described in subdivision (3).

(7) Payment of amounts due under leases payable from money deposited in the fund.

(8) Reimbursement of the unit for expenditures made by it for public facilities in or serving the certified technology park.

(9) Payment of expenses incurred by the redevelopment commission for public facilities that are in the certified technology park or serving the certified technology park.

(c) The certified technology park fund may not be used for operating expenses of the redevelopment commission.

Sec. 24. (a) A redevelopment commission may issue bonds for the purpose of providing public facilities under this chapter.

(b) The bonds are payable solely from:

(1) property tax proceeds allocated to the certified technology park fund under section 17 of this chapter;

(2) money distributed to the redevelopment commission under section 22 of this chapter;

(3) other funds available to the redevelopment commission; or

(4) a combination of the methods stated in subdivisions (1) through (3).

(c) The bonds shall be authorized by a resolution of the redevelopment commission.

(d) The terms and form of the bonds shall either be set out in the resolution or in a form of trust indenture approved by the resolution.

(e) The bonds must mature within fifty (50) years.

(f) The redevelopment commission shall sell the bonds at public or private sale upon such terms as determined by the redevelopment commission.

(g) All money received from any bonds issued under this chapter shall be applied solely to the payment of the cost of providing public facilities within a certified technology park, or the cost of refunding or refinancing outstanding bonds, for which the bonds are issued. The cost may include:

(1) planning and development of the public facilities and all

1 related buildings, facilities, structures, and improvements;
 2 (2) acquisition of a site and clearing and preparing the site for
 3 construction;
 4 (3) equipment, facilities, structures, and improvements that
 5 are necessary or desirable to make the public facilities
 6 suitable for use and operations;
 7 (4) architectural, engineering, consultant, and attorney's fees;
 8 (5) incidental expenses in connection with the issuance and
 9 sale of bonds;
 10 (6) reserves for principal and interest;
 11 (7) interest during construction and for a period thereafter
 12 determined by the redevelopment commission, but not to
 13 exceed five (5) years;
 14 (8) financial advisory fees;
 15 (9) insurance during construction;
 16 (10) municipal bond insurance, debt service reserve
 17 insurance, letters of credit, or other credit enhancement; and
 18 (11) in the case of refunding or refinancing, payment of the
 19 principal of, redemption premiums, if any, and interest on, the
 20 bonds being refunded or refinanced.

21 **Sec. 25. The establishment of high technology activities and**
 22 **public facilities within a technology park serves a public purpose**
 23 **and is of benefit to the general welfare of a unit by encouraging**
 24 **investment, job creation and retention, and economic growth and**
 25 **diversity.**

26 SECTION 236. IC 36-9-14-2 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A cumulative
 28 building fund to provide money for the construction, remodeling, and
 29 repair of courthouses may be established by the county legislative body
 30 under ~~IC 6-1.1-21~~ **IC 6-1.1-41**.

31 (b) As used in this section, "courthouse" includes a historical
 32 complex consisting of a former county courthouse, jail, and sheriff's
 33 residence which is open to the general public for educational or
 34 community purposes in a county having a population of more than one
 35 hundred sixty thousand (160,000) but less than two hundred thousand
 36 (200,000).

37 SECTION 237. IC 36-9-31-16 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2004]: Sec. 16. Any security

issued in connection with a financing under this chapter the interest on which is excludable from **adjusted** gross income tax is exempt from the registration requirements of IC 23-2-1, or any other securities registration law.

SECTION 239. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 6-3.1-21-10; IC 12-15-2-15.7; IC 12-17-1.

THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2004]: IC 6-2.1-1-0.5; IC 6-2.1-1-0.6; IC 6-2.1-1-3; IC 6-2.1-1-4; IC 6-2.1-1-4.5; IC 6-2.1-1-5; IC 6-2.1-1-6; IC 6-2.1-1-7; IC 6-2.1-1-8; IC 6-2.1-2-1; IC 6-2.1-2-1.2; IC 6-2.1-2-2.5; IC 6-2.1-2-4; IC 6-2.1-2-5; IC 6-2.1-2-6; IC 6-2.1-2-7; IC 6-2.1-3-5; IC 6-2.1-3-8; IC 6-2.1-3-19; IC 6-2.1-3-20; IC 6-2.1-3-21; IC 6-2.1-3-22; IC 6-2.1-3-23; IC 6-2.1-3-28; IC 6-2.1-3-30; IC 6-2.1-3-31; IC 6-2.1-3-34; IC 6-2.1-3-35; IC 6-2.1-4-5; IC 6-2.1-8-4; IC 6-3-8; IC 6-3.1-21-3; IC 6-3.1-21-4; IC 6-3.1-21-5; IC 6-3.1-21-7; IC 6-5; IC 12-13-8; IC 12-13-9; IC 12-16-14; IC 12-16.1-13-1; IC 12-16.1-13-2; IC 12-16.1-13-7; IC 12-16.1-14-1; IC 12-16.1-14-2; IC 12-16.1-14-3; IC 12-16.1-14-4; IC 12-16.1-14-5; IC 12-16.1-14-6; IC 12-17.8-1; IC 12-17.8-2-5; IC 12-19-7-5; IC 16-35-3; IC 16-35-3; IC 16-35-4.

SECTION 240. P.L.93-2000, SECTION 6, AS AMENDED BY P.L.291-2001, SECTION 101, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: SECTION 6. (a) Notwithstanding IC 21-3-1.6-1.2, as added by this act, and IC 21-3-1.7, the tuition support determined under IC 21-3-1.7-8 for a school corporation shall be reduced as follows:

(1) For 2001, the previous year's revenue determined without regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced by an amount determined under the following STEPS:

STEP ONE: Determine the difference between:

(A) the school corporation's average daily membership count for 2000, without regard to IC 21-3-1.6-1.2, as added by this act; minus

(B) the school corporation's average daily membership count for 2000, as adjusted by the school corporation under this act after applying IC 21-3-1.6-1.2, as added by this act.

STEP TWO: Determine the result of:

(A) the school corporation's previous year's revenue under

- 1 IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2, as added
 2 by this act; divided by
 3 (B) the school corporation's average daily membership for
 4 2000, without regard to IC 21-3-1.6-1.2, as added by this act.
 5 STEP THREE: Multiply the STEP ONE result by the STEP
 6 TWO result.
 7 STEP FOUR: Multiply the STEP THREE result by one-third
 8 (1/3).
 9 (2) For 2002, the previous year revenue determined without
 10 regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced
 11 by an amount equal to the result **determined** under **STEP FOUR**
 12 **of the following formula:**
 13 ~~(A)~~ **STEP ONE: This STEP applies only to Madison**
 14 **Consolidated Schools. Determine the lesser of:**
 15 (i) the amount determined under STEP THREE of
 16 subdivision (1); or
 17 (ii) the school corporation's 2001 previous year's revenue
 18 under IC 21-3-1.7-3.1, without regard to IC 21-3-1.6-1.2;
 19 minus the 2001 school corporation's previous year's
 20 revenue under IC 21-3-1.7-3.1, applying IC 21-3-1.6-1.2.
 21 **STEP TWO: This STEP applies to a school other than**
 22 **Madison Consolidated Schools. Determine the result of:**
 23 (i) the amount determined under STEP THREE of
 24 subdivision (1); minus
 25 (ii) the amount determined under STEP FOUR of subdivision
 26 (1).
 27 ~~(B)~~ **STEP THREE: Divide the clause ~~(A)~~ STEP ONE OR**
 28 **STEP TWO result, as applicable, by three (3).**
 29 ~~(C)~~ **STEP FOUR: Multiply the clause ~~(B)~~ STEP THREE**
 30 **result by one and three-hundredths (1.03).**
 31 (3) For 2003, the previous year revenue determined without
 32 regard to IC 21-3-1.6-1.2, as added by this act, shall be reduced
 33 by an amount equal to the reduction amount under subdivision (2)
 34 multiplied by one and two-hundredths (1.02).
 35 (4) For 2004, the previous year revenue determined without
 36 regard to IC 21-3-1.6-1.2, as added by P.L.93-2000, shall be
 37 reduced by an amount equal to the reduction under subdivision
 38 (2) multiplied by one and two-hundredths (1.02).

1 (b) This SECTION expires January 1, 2005.

2 SECTION 241. [EFFECTIVE JULY 1, 2002] (a) **The county**
3 **medical assistance to wards fund is abolished on January 1, 2004.**
4 **Money remaining in the county medical assistance to wards fund**
5 **on January 1, 2004, shall be transferred to the auditor of state for**
6 **deposit in the state general fund before January 6, 2004. Taxes**
7 **collected after December 31, 2003, that became due and payable**
8 **before January 1, 2004, as a result of a property tax levy imposed**
9 **for the county medical assistance to wards fund shall be**
10 **transferred to the state general fund before the fifth day after the**
11 **month in which the taxes are collected. A refund after December**
12 **31, 2003, of property tax payments initially collected from a**
13 **taxpayer as a result of a levy imposed before January 1, 2004, for**
14 **the county medical assistance to wards fund shall be reimbursed**
15 **from the county general fund. A property tax levy for the county**
16 **medical assistance to wards fund may not be imposed after**
17 **December 31, 2003.**

18 (b) **The children with special health care needs county fund is**
19 **abolished on January 1, 2004. Money remaining in the children**
20 **with special health care needs county fund on January 1, 2004,**
21 **shall be transferred to the auditor of state for deposit in the state**
22 **general fund before January 6, 2004. Taxes collected after June 30,**
23 **2002, that became due and payable before July 1, 2002, as a result**
24 **of a property tax levy imposed for the children with special health**
25 **care needs county fund shall be transferred to the state general**
26 **fund before the fifth day after the month in which the taxes are**
27 **collected. A refund after December 31, 2003, of property tax**
28 **payments initially collected from a taxpayer as a result of a levy**
29 **imposed before January 1, 2004, for the children with special**
30 **health care needs county fund shall be reimbursed from the county**
31 **general fund. A property tax levy for the children with special**
32 **health care needs county fund may not be imposed after December**
33 **31, 2003.**

34 (c) **After December 31, 2003, a property tax levy for the county**
35 **general fund or any separate county hospital care for the indigent**
36 **fund may not include any amount for transfer to the state for the**
37 **hospital care of the indigent program or the uninsured parent**
38 **program.**

1 SECTION 242. [EFFECTIVE JULY 1, 2002] **The department of**
 2 **local government finance shall prescribe the forms required under**
 3 **IC 6-1.1-12-41, as added by this act, before August 31, 2002."**

4 Page 36, delete lines 21 through 25, begin a new paragraph and
 5 insert:

6 "SECTION 51. [EFFECTIVE MAY 1, 2002] **Revenue stamps paid**
 7 **for before May 1, 2002, may be used after April 30, 2002, only if**
 8 **the full amount of the tax imposed by IC 6-7-1-12, as amended by**
 9 **this act, is remitted to the department of state revenue under the**
 10 **procedures prescribed by the department."**

11 Page 36, delete lines 41 through 42, begin a new paragraph, and
 12 insert:

13 "SECTION 142. [EFFECTIVE UPON PASSAGE] (a)
 14 **Notwithstanding P.L.29-2001, SECTION 5, the total operating**
 15 **expense for all universities shall be reduced by \$29,000,000 for FY**
 16 **2002-2003. The amount of the reduction for each main and**
 17 **regional campus equals the amount determined under STEP**
 18 **FOUR of the following formula:**

19 **STEP ONE: Determine the amount of the total operating**
 20 **appropriation to the campus.**

21 **STEP TWO: Determine the amount of the total operating**
 22 **appropriations for all university campuses.**

23 **STEP THREE: Divide the STEP ONE amount by the STEP**
 24 **TWO amount.**

25 **STEP FOUR: Multiply the STEP THREE amount by**
 26 **\$29,000,000.**

27 (b) **Notwithstanding P.L.29-2001, SECTIONS 5 and 38 and any**
 28 **other law, universities may use a part of the money allocated to**
 29 **them from the appropriation from the BUILD INDIANA FUND**
 30 **(BIF) (IC 4-30-27), FOR THE BUDGET AGENCY, Higher**
 31 **Education Technology for operating expenses to defray the**
 32 **reductions under subsection (a). The amount available for**
 33 **operating expense may not exceed a total of \$29,000,000. The**
 34 **formula in subsection (a) shall be used to determine the amount**
 35 **main and regional campuses shall receive.**

36 SECTION 243. [EFFECTIVE UPON PASSAGE]
 37 **Notwithstanding P.L.291-2001, SECTION 5, and notwithstanding**
 38 **any agreement entered into by Ivy Tech State College or Vincennes**

1 University to freeze Indiana resident tuition at the level at which
2 it existed on January 1, 2001:

3 (1) Ivy Tech State College may increase tuition for Indiana
4 residents if it does not receive the \$852,965 appropriated for
5 FY 2002-2003 to compensate the college for not increasing
6 tuition for Indiana residents; and

7 (2) Vincennes University may increase fees for Indiana
8 residents if it does not receive the \$2,998,265 appropriated for
9 FY 2002-2003 to compensate the university for not increasing
10 tuition for Indiana residents."

11 Page 37, delete lines 1 through 18.

12 Page 37, delete lines 38 through 42, begin a new paragraph and
13 insert:

14 "SECTION 59. [EFFECTIVE JULY 1, 2002] (a) As used in this
15 SECTION, "office" refers to the office of Medicaid policy and
16 planning established under IC 12-8-6-1.

17 (b) Before September 1, 2002, the office shall apply to the United
18 States Department of Health and Human Services to do the
19 following:

20 (1) Amend the state's waiver under 42 U.S.C. 1396n(b)(1) to
21 include the aged, blind, and disabled in the managed care
22 program under IC 12-15-12.

23 (2) Amend the state Medicaid plan in accordance with this
24 act.

25 (c) The office may not implement the amendments under
26 subsection (b) until the office files an affidavit with the governor
27 attesting that the amendments applied for under this SECTION
28 have been approved. The office shall file the affidavit under this
29 subsection not later than five (5) days after the office is notified
30 that the amendments are approved.

31 (d) If the United States Department of Health and Human
32 Services approves the amendments applied for under this
33 SECTION and the governor receives the affidavit filed under
34 subsection (c), the office shall implement the amendments not more
35 than sixty (60) days after the governor receives the affidavit.

36 (e) The office may adopt rules under IC 4-22-2 to implement this
37 SECTION.

38 (f) This SECTION expires December 31, 2008.

1 SECTION 244. [EFFECTIVE UPON PASSAGE] (a) **Before July**
 2 **1, 2002, the department of environmental management shall pay to**
 3 **the state general fund the total amount received from the fiscal**
 4 **year 2001-2002 appropriation to the department under**
 5 **P.L.291-2001, SECTION 10.**

6 (b) **This SECTION expires July 2, 2002.**

7 SECTION 245. [EFFECTIVE UPON PASSAGE] (a) **The**
 8 **definitions in IC 6-1.1-1 apply throughout this SECTION.**

9 (b) **Subject to subsection (c), the effective date of 50 IAC 2.3, 50**
 10 **IAC 5.2 (to the extent that it applies to the assessment of real**
 11 **property), and any other rule to the extent that it applies to the**
 12 **assessment of real property and is adopted by the state board of**
 13 **tax commissioners or the department of local government finance**
 14 **after January 1, 2001, and March 1, 2003, are delayed and first**
 15 **apply to assessment dates after January 1, 2003. This subsection**
 16 **does not prohibit the department of local government from issuing**
 17 **procedural rules or guidelines or prescribing forms that are**
 18 **consistent with the requirements of subsection (c).**

19 (c) **50 IAC 2.3 (including the 2002 Real Property Assessment**
 20 **Manual and the Real Property Assessment Guidelines for**
 21 **2002–Version A) and any other rule adopted by the state board of**
 22 **tax commissioners or the department of local government finance**
 23 **is void to the extent that it establishes a shelter allowance for real**
 24 **property used as a residence.**

25 SECTION 246. [EFFECTIVE JULY 1, 2002] (a) **IC 6-1.1-20.9-2,**
 26 **as amended by this act, applies to property taxes first due and**
 27 **payable after December 31, 2003.**

28 (b) **IC 6-1.1-20.9-2.5, as added by this act, applies only to**
 29 **property taxes due and payable in 2004.**

30 SECTION 247. [EFFECTIVE JULY 1, 2003] (a) **For purposes of:**

- 31 (1) **IC 6-2.5-2-2, as amended by this act;**
- 32 (2) **IC 6-2.5-6-7, as amended by this act;**
- 33 (3) **IC 6-2.5-6-8, as amended by this act;**
- 34 (4) **IC 6-2.5-6-10, as amended by this act;**
- 35 (5) **IC 6-2.5-7-3, as amended by this act; and**
- 36 (6) **IC 6-2.5-7-5, as amended by this act;**

37 **all transactions, except the furnishing of public utility, telephone,**
 38 **or cable television services and commodities by retail merchants**

described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11 shall be considered as having occurred after June 30, 2003, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2003, to the extent that the agreement of the parties to the transaction was entered into before June 1, 2003, and payment for the property or services furnished in the transaction is made before July 1, 2003, notwithstanding the delivery of the property or services after June 30, 2003.

(b) With respect to a transaction constituting the furnishing of public utility, telephone, or cable television services and commodities, only transactions for which the charges are collected upon original statements and billings dated after July 31, 2003, shall be considered as having occurred after June 30, 2003.

(c) This SECTION expires July 1, 2004.

SECTION 248. [EFFECTIVE JULY 1, 2002] (a) The definitions in IC 6-2.2-2, as added by this act, apply throughout this SECTION.

(b) IC 6-2.2 (franchise tax), as added by this act, applies only to taxable years beginning after December 31, 2003.

(c) The department of state revenue shall adopt the initial rules and prescribe the initial forms to implement IC 6-2.2 (franchise tax), as added by this act, before January 1, 2004. The department of state revenue may adopt the initial rules required under this SECTION in the same manner that emergency rules are adopted under IC 4-22-2-37.1. A rule adopted under this SECTION expires on the earlier of the following:

(1) The date that the rule is superseded, amended, or repealed by a permanent rule adopted under IC 4-22-2 or another rule adopted under this SECTION.

(2) July 1, 2005.

(d) This subsection applies to a taxpayer that:

(1) engaged in doing business in Indiana in any calendar year before January 1, 2004;

(2) has a taxable year for federal income tax purposes that began before January 1, 2004, and is not a calendar year; and

(3) seeks to engage in doing business in Indiana in 2004.

The initial taxable year for a taxpayer described in this subsection is a short taxable year. Notwithstanding IC 6-2.2-4-1, as added by this act, the initial taxable year of a taxpayer under IC 6-2.2, as added by this act, begins January 1, 2004. The initial taxable year of the taxpayer ends on the day immediately preceding the day that the taxpayer's next taxable year for federal income tax purposes begins. Notwithstanding IC 6-2.2-8, as added by this act, the tax imposed under IC 6-2.2, as added by this act, for the initial taxable year of the taxpayer is equal to the tax computed under IC 6-2.2-8 multiplied by a fraction. The numerator is the number of days remaining in the taxpayer's taxable year after January 1, 2004, and the denominator is the total number of days in the taxable year. The return for the initial short taxable year of the taxpayer is due before April 16, 2004.

SECTION 249. [EFFECTIVE JANUARY 1, 2004] IC 6-3-2-1, as amended by this act (as it applies to individuals, estates, and trusts only), applies only to taxable years beginning after December 31, 2003.

SECTION 250. [EFFECTIVE JULY 1, 2002] (a) This SECTION applies to a taxpayer that:

- (1) pays supplemental net income tax under IC 6-3-8; and
- (2) has a taxable year that begins before January 1, 2004, and ends after December 31, 2004.

(b) A taxpayer shall file the taxpayer's estimated supplemental net income tax return and pay the taxpayer's estimated supplemental net income tax liability to the department of state revenue as provided by law for due dates that occur before January 1, 2003.

(c) Not later than April 15, 2004, a taxpayer shall file a final supplemental net income tax return with the department of state revenue on a form and in the manner prescribed by the department of state revenue. At the time of filing the final supplemental net income tax return, a taxpayer shall pay to the department of state revenue an amount equal to the remainder of:

- (1) the total supplemental net income tax liability incurred by the taxpayer for the part of the taxpayer's taxable year that occurred in calendar year 2003; minus

1 (2) the sum of:

2 (A) the total amount of supplemental net income taxes that
3 were previously paid by the taxpayer to the department of
4 state revenue for any quarter of that same part of the
5 taxpayer's taxable year; plus

6 (B) any supplemental net income taxes that were withheld
7 from the taxpayer for that same part of the taxpayer's
8 taxable year.

9 SECTION 251. [EFFECTIVE JULY 1, 2002] (a) This SECTION
10 applies to a taxpayer that:

11 (1) was subject to the gross income tax under IC 6-2.1 before
12 January 1, 2004;

13 (2) has a taxable year that begins before January 1, 2004, and
14 ends after December 31, 2004; and

15 (3) is not subject to the gross income tax under IC 6-2.1 after
16 December 31, 2003.

17 (b) A taxpayer shall file the taxpayer's estimated gross income
18 tax return and pay the taxpayer's estimated gross income tax
19 liability to the department of state revenue as provided in
20 IC 6-2.1-5-1.1 for due dates that occur before January 1, 2004.

21 (c) Not later than April 15, 2004, a taxpayer shall file a final
22 gross income tax return with the department of state revenue on a
23 form and in the manner prescribed by the department of state
24 revenue. At the time of filing the final gross income tax return, a
25 taxpayer shall pay to the department of state revenue an amount
26 equal to the remainder of:

27 (1) the total gross income tax liability incurred by the
28 taxpayer for the part of the taxpayer's taxable year that
29 occurred in calendar year 2003; minus

30 (2) the sum of:

31 (A) the total amount of gross income taxes that were
32 previously paid by the taxpayer to the department of state
33 revenue for any quarter of that same part of the taxpayer's
34 taxable year; plus

35 (B) any gross income taxes that were withheld from the
36 taxpayer for that same part of the taxpayer's taxable year
37 under IC 6-2.1-6.

38 SECTION 252. [EFFECTIVE JULY 1, 2002] (a) This SECTION

1 applies to the following credits:

2 (1) Business personal property credit (IC 6-3.1-23.8).

3 (2) Investment credit (IC 6-3.1-24).

4 (3) Research expense credit (IC 6-3.1-4).

5 (4) Corporate headquarters relocation credit (IC 6-3.1-25).

6 (b) The amendments made by this act to increase the credit
7 described in subsection (a)(1) and (a)(3) and to establish the credit
8 described in subsection (a)(2) and (a)(4) apply to expenditures
9 made after December 31, 2003, regardless of when the taxpayer's
10 taxable year begins. The amendments to the credits described in
11 subsection (a)(1) and (a)(2) apply to tax payments for taxes first
12 due and payable in calendar year 2004. Tangible property first
13 assessed in 2002 is eligible only for one (1) year of the investment
14 credit (IC 6-3.1-24) in 2004 at the ten percent (10%) rate.

15 SECTION 253. [EFFECTIVE JULY 1, 2002] (a) This SECTION
16 applies to a corporate taxpayer that:

17 (1) pays adjusted gross income tax under IC 6-3-1 through
18 IC 6-3-7; and

19 (2) has a taxable year that begins before January 1, 2004, and
20 ends after December 31, 2003.

21 (b) The rate of the adjusted gross income tax imposed under
22 IC 6-3-2-1 for that taxable year is a rate equal to the sum of:

23 (1) three and four-tenths percent (3.4%) multiplied by a
24 fraction, the numerator of which is the number of days in the
25 taxpayer's taxable year that occurred before January 1, 2004,
26 and the denominator of which is the total number of days in
27 the taxable year; and

28 (2) eight and five-tenths percent (8.5%) multiplied by a
29 fraction, the numerator of which is the number of days in the
30 taxpayer's taxable year that occurred after December 31,
31 2003, and the denominator of which is the total number of
32 days in the taxable year.

33 (c) However, the rate determined under this section shall be
34 rounded to the nearest one-hundredth of one percent (0.01%).

35 SECTION 254. [EFFECTIVE UPON PASSAGE] (a)
36 Notwithstanding P.L.291-2001, SECTION 38, the appropriation
37 from the Build Indiana Fund FOR THE BUDGET AGENCY -
38 LOCAL PROJECTS for Baugo Twp. Little League - Elkhart Co.

1 is \$5,000 and not \$10,000.

2 (b) Notwithstanding P.L.291-2001, SECTION 38, the
3 appropriation from the Build Indiana Fund FOR THE BUDGET
4 AGENCY - LOCAL PROJECTS for East End Little League - St.
5 Joseph Co. is \$5,000 and not \$10,000.

6 (c) Notwithstanding P.L.291-2001, SECTION 38, the
7 appropriation from the Build Indiana Fund FOR THE BUDGET
8 AGENCY - LOCAL PROJECTS for Elkhart - road projects -
9 Elkhart Co. is \$10,000 and not \$25,000.

10 (d) Notwithstanding P.L.291-2001, SECTION 38, the
11 appropriation from the Build Indiana Fund FOR THE BUDGET
12 AGENCY - LOCAL PROJECTS for Mishawaka - AM General
13 road projects - St. Joseph Co. \$150,000 is canceled and \$75,000 is
14 appropriated to Mishawaka - road projects - St. Joseph Co. from
15 the Build Indiana Fund.

16 (e) Notwithstanding P.L.291-2001, SECTION 38, the
17 appropriation from the Build Indiana Fund FOR THE BUDGET
18 AGENCY - LOCAL PROJECTS for Mishawaka Parks Dept. -
19 Baker Park - High School Baseball Field - St. Joseph Co. for
20 \$15,000 is canceled.

21 (f) Notwithstanding P.L.291-2001, SECTION 38, the
22 appropriation from the Build Indiana Fund FOR THE BUDGET
23 AGENCY - LOCAL PROJECTS for Northside Little League - St.
24 Joseph Co. is \$5,000 and not \$10,000.

25 (g) Notwithstanding P.L.291-2001, SECTION 38, the
26 appropriation from the Build Indiana Fund FOR THE BUDGET
27 AGENCY - LOCAL PROJECTS for Osceola - dry wells- St.
28 Joseph Co. is \$10,000 and not \$50,000.

29 (h) Notwithstanding P.L.291-2001, SECTION 38, the
30 appropriation from the Build Indiana Fund FOR THE BUDGET
31 AGENCY - LOCAL PROJECTS for Osceola Little League - St.
32 Joseph Co. is \$5,000 and not \$10,000.

33 (i) Notwithstanding P.L.291-2001, SECTION 38, the
34 appropriation from the Build Indiana Fund FOR THE BUDGET
35 AGENCY - LOCAL PROJECTS for Penn North VFD - safety
36 equipment - St. Joseph Co. is \$7,500 and not \$15,000.

37 (j) Notwithstanding P.L.291-2001, SECTION 38, the
38 appropriation from the Build Indiana Fund FOR THE BUDGET

1 **AGENCY - LOCAL PROJECTS for Penn South VFD - safety**
 2 **equipment - St. Joseph Co. for \$15,000 is canceled.**

3 **(k) Notwithstanding P.L.291-2001, SECTION 38, the**
 4 **appropriation from the Build Indiana Fund FOR THE BUDGET**
 5 **AGENCY - LOCAL PROJECTS for Penn Twp. - youth center- St.**
 6 **Joseph Co. for \$40,000 is canceled.**

7 **(l) Notwithstanding P.L.291-2001, SECTION 38, \$275,000 is**
 8 **appropriated for the School City of Mishawaka from the Build**
 9 **Indiana Fund.**

10 **(m) Notwithstanding P.L.291-2001, SECTION 38, the**
 11 **appropriation from the Build Indiana Fund FOR THE BUDGET**
 12 **AGENCY - LOCAL PROJECTS for Southwest Little League - St.**
 13 **Joseph Co. is \$5,000 and not \$10,000.**

14 **(n) Notwithstanding P.L.291-2001, SECTION 38, the**
 15 **appropriation from the Build Indiana Fund FOR THE BUDGET**
 16 **AGENCY - LOCAL PROJECTS for WNIT Channel 34 - building**
 17 **- St. Joseph Co. for \$25,000 is canceled.**

18 **SECTION 255. [EFFECTIVE JULY 1, 2002] (a) Each year**
 19 **between 2002 and 2005, four million seven-hundred twenty**
 20 **thousand dollars (\$4,720,000) shall be transferred from the master**
 21 **settlement agreement to the tobacco farmers fund. The**
 22 **commissioner of agriculture shall distribute the tobacco farmers**
 23 **fund to tobacco growers and tobacco quota owners using the same**
 24 **formula and process used for the Phase II payment program. The**
 25 **commissioner of agriculture may contract with consultants,**
 26 **financial institutions, and legal counsel to assist in the**
 27 **administration of the tobacco farmers fund and may pay the**
 28 **expenses of those contracts from money in the fund.**

29 **(b) For the years 1999 through 2001, the amount required to**
 30 **make the total payments to tobacco growers and tobacco quota**
 31 **owners equal to the amount described in the Phase II agreement**
 32 **shall be distributed on a pro rata basis over the life of the Phase II**
 33 **payment program.**

34 **SECTION 256. [EFFECTIVE UPON PASSAGE] (a)**
 35 **Notwithstanding P.L.291-2001, SECTION 8, the amount allocated**
 36 **FOR THE INDIANA STATE POLICE AND MOTOR CARRIER**
 37 **INSPECTION, From the General Fund for FY 2002-2003, is \$0**
 38 **and not \$54,841,661.**

1 (b) Notwithstanding P.L.291-2001, SECTION 8, the amount
2 allocated FOR THE INDIANA STATE POLICE AND MOTOR
3 CARRIER INSPECTION, From the Motor Vehicle Highway
4 Account (IC 8-14-1) for FY 2002-2003 is \$109,673,322 and not
5 \$54,841,661.

6 (c) Notwithstanding P.L.291-2001, SECTION 8, augmentation
7 for FY 2002-2003 FOR THE INDIANA STATE POLICE AND
8 MOTOR CARRIER INSPECTION for FY 2002-2003 is allowed
9 from the Motor Vehicle Highway Account and the Motor Carrier
10 Regulation Fund and not from the General Fund.

11 SECTION 257. [EFFECTIVE JULY 1, 2002] Notwithstanding
12 P.L.291-2001, SECTION 8, the amounts appropriated FOR THE
13 INDIANA STATE POLICE AND MOTOR CARRIER
14 INSPECTION, for Personal Services and Other Operating
15 Expense are from the Motor Vehicle Highway Account and the
16 Motor Carrier Regulation Fund and not from the General Fund.

17 SECTION 258. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding
18 P.L.291-2001, SECTION 8, the amount appropriated FOR THE
19 INDIANA STATE POLICE AND MOTOR CARRIER
20 INSPECTION, PENSION FUND, General Fund, Total Operating
21 Expense for FY 2002-2003 is \$0 and not \$4,793,521.

22 (b) Notwithstanding P.L.291-2001, SECTION 8, the amount
23 appropriated FOR THE INDIANA STATE POLICE AND
24 MOTOR CARRIER INSPECTION, PENSION FUND, Motor
25 Vehicle Highway Account (IC 8-14-1), Total Operating Expense for
26 FY 2002-2003, is \$9,587,042 and not \$4,793,521.

27 SECTION 259. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding
28 P.L.291-2001, SECTION 8, the amount appropriated FOR THE
29 INDIANA STATE POLICE AND MOTOR CARRIER
30 INSPECTION, BENEFIT FUND, General Fund, Total Operating
31 Expense for FY 2002-2003 is \$0 and not \$1,472,716.

32 (b) Notwithstanding P.L.291-2001, SECTION 8, the amount
33 appropriated FOR THE INDIANA STATE POLICE AND
34 MOTOR CARRIER INSPECTION, BENEFIT FUND, Motor
35 Vehicle Highway Account (IC 8-14-1), Total Operating Expense for
36 FY 2002-2003 is \$2,945,436, and not \$1,472,718.

37 (c) Notwithstanding P.L.291-2001, SECTION 8, augmentation
38 FOR THE INDIANA STATE POLICE AND MOTOR CARRIER

1 INSPECTION, is allowed from the Motor Vehicle Highway
2 Account and not the General Fund.

3 SECTION 260. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding
4 P.L.291-2001, SECTION 8, the amount appropriated FOR THE
5 INDIANA STATE POLICE AND MOTOR CARRIER
6 INSPECTION, SUPPLEMENTAL PENSION, General Fund, Total
7 Operating Expense for FY 2002-2003 is \$0 and not \$1,650,000.

8 (b) Notwithstanding P.L.291-2001, SECTION 8, the amount
9 appropriated FOR THE INDIANA STATE POLICE AND
10 MOTOR CARRIER INSPECTION, SUPPLEMENTAL PENSION,
11 Motor Vehicle Highway Account (IC 8-14-1), Total Operating
12 Expense for FY 2002-2003 is \$3,300,000 and not \$1,650,000.

13 (c) Notwithstanding P.L.291-2001, SECTION 8, augmentation
14 for FY 2002-2003 FOR THE INDIANA STATE POLICE AND
15 MOTOR CARRIER INSPECTION, SUPPLEMENTAL PENSION,
16 is allowed from the Motor Vehicle Highway Account and not from
17 the General Fund.

18 SECTION 261. [EFFECTIVE JULY 1, 2002] (a) Notwithstanding
19 P.L.291-2001, SECTION 8, the amount appropriated FOR THE
20 INDIANA STATE POLICE AND MOTOR CARRIER
21 INSPECTION, ENFORCEMENT AID FUND, General Fund,
22 Total Operating Expense for FY 2002-2003 is \$0 and not \$87,500.

23 (b) Notwithstanding P.L.291-2001, SECTION 8, the amount
24 appropriated FOR THE INDIANA STATE POLICE AND
25 MOTOR CARRIER INSPECTION, ENFORCEMENT AID
26 FUND, General Fund, Total Operating Expense for FY 2002-2003
27 is \$175,000 and not \$87,500.

28 (c) Notwithstanding P.L.291-2001, SECTION 8, augmentation
29 FOR THE INDIANA STATE POLICE AND MOTOR CARRIER
30 INSPECTION, ENFORCEMENT AID FUND for FY 2002-2003 is
31 from the Motor Vehicle Highway Account and not from the
32 General Fund."

33 Delete page 38.

34 Page 39, delete lines 1 through 3.

35 Re-number all SECTIONS consecutively.

(Reference is to HB 1004 as introduced.)

and when so amended that said bill do pass.

Representative Bauer